



Opera films, opera blockbusters, opera as Mozart never imagined it: the changes that slick marketing and modern economics have wrought on an old art Page 1

Fred Cuming (left) on his work in a world of colour Page XX

Kieran Cooke plans a dinner that starts in Laos and ends in Galway Page XI

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WORLD NEWS

Japanese ex-minister jailed for tax evasion

Former Japanese cabinet minister Yoshiyuki Imanura was yesterday jailed for evading ¥1.7bn (\$13.97m) of taxes in a ruling which sets a tough precedent for politicians and others facing proceedings over the Recruit bribery affair. The exemplary sentence means the former director general of the environment agency will serve four years and three months in prison with hard labour and no right to remission.

The sentence was seen as a warning to any Japanese politicians tempted to think themselves above the law in their financial dealings and fund-raising activities. Page 3

South African talks

Historic talks opened smoothly in Johannesburg when 20 South African political groups agreed on a date for beginning substantive negotiations on a post-apartheid constitution.

Chinese activist freed

China freed student leader Wang Youcai, the New China News Agency reported. Wang, jailed for his part in the 1989 pro-democracy protests, was released early because he had shown repentance, the agency said.

Ukrainians go to polls

Voters in the Ukraine are likely to choose independence when they go to the polls tomorrow, in spite of warnings of catastrophe by Soviet President Mikhail Gorbachev. Background, Page 2

Yugoslav army move

The Yugoslav federal army began withdrawing from barracks in Croatia after the republic said it would allow UN peacekeepers to be deployed at battle sites on its territory. Page 2

Linker baby's illness

The eight-week-old son of England soccer captain Gary Linker is seriously ill with acute myeloid leukaemia, London's Great Ormond Street Hospital said.

Pakistan purge

Pakistani police continued for a third day to round up supporters of opposition leader Benazir Bhutto. Her Pakistan People's party said at least 2,500 party workers had been detained in Sind province.

French force for Togo

France is mobilising a force to be sent to protect some 3,000 Europeans in Togo, where soldiers have overthrown the reformist prime minister in an attempt to restore Gen Gnassingbe Eyadema to power.

Brazil cholera fears

Cholera could rip through the slums of Rio de Janeiro, killing some 2,000 people and infecting up to 200,000, a health official of the Brazilian city warned. The epidemic has already killed more than 3,000 people in Latin America.

German bank upset

Germany's upper house of parliament threw the future organisation of the Bundesbank into confusion when it unexpectedly rejected a government bill to change the bank's structure. Page 2

Action struck out

Hard-pressed British businessman Mark Harries failed in his High Court bid to sue the UK government for allegedly mishandling the economy. Mr Justice Judge struck out his £1m (\$1.8m) damages claim.

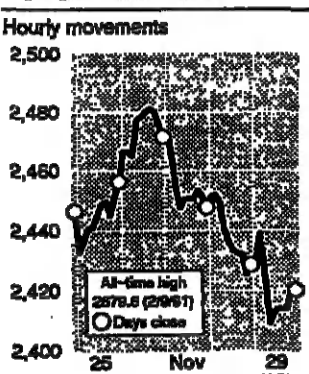
BUSINESS SUMMARY

Dubai airline likely to place order worth \$1.8bn

Emirates, fast-growing airline based in Dubai, is expected to announce a \$1.8bn order for wide-bodied aircraft before the end of this year. The airline held talks with Airbus, Boeing and McDonnell Douglas last week and is finalising its decision on a new fleet of up to 14 wide-bodied airliners. Page 22; BA sale to GE cleared, Page 4

LONDON equities: The building and construction sector collapsed following a depressing statement from Lovell. The FT-SE index showed a net daily fall of only 8.4 points to 2,420.2, but sentiment

FT-SE 100 index



remained very nervous. The Footsie has fallen by 26.1, or 1 per cent, this week and is challenging levels last seen five months ago. London stocks, Page 12; Lex, Page 22

CABLE and Wireless, telecommunications group, has pulled out of an agreement to buy TRT/FTC Communications, US long-distance telecommunications carrier, for \$174m. Page 8; Lex, Page 22

JAPANESE economic indicators reconfirmed the economic slowdown. Conditions in the labour market eased marginally while demand for housing continued to decline. Page 3

STERLING: Helped by a stronger dollar, the pound gained 1 penny against the D-Mark to ease fears about a further slide by sterling in the exchange rate mechanism. It finished in London at DM2.57, its highest point in the week although 8 pence below its DM2.55 ERM central rate. Currencies, Page 11; Outward calm of the currency custodians, Page 4; Lex, Page 22; Editorial comment, Page 6

BERLIN Handels-und Frankfurter Bank, Frankfurt-based merchant bank, is expanding its European network by taking stakes in Italy's biggest stockbroker and a Dutch merchant bank. Page 10

OLIVETTI: Carlo De Benedetti restructured top management of the Italian computers and office equipment group, less than three weeks after re-taking direct control. Page 10

NESTLE has launched a full bid for the shares of French mineral water company Société Générale des Eaux Minérales de Vittel that it does not already hold. Page 10

FRENCH steel industry: The legality of FF2.5bn (\$400m) "state aid" for steel maker Usinor-Sacilor must be tested in the European Court of Justice, said the German Steel Federation president. Page 2

BAT INDUSTRIES said it will not sell its 87 per cent controlling stake in Australian cigarette-maker, WD & HO Wills Holdings, after Brierley Investments Limited revealed it had bought 6.7 per cent. Page 10

EC ministers begin flurry of pre-Maastricht talks

EC MINISTERS today begin their last negotiations on European political and monetary union before the Maastricht summit, with all sides showing apparent determination to reach agreement.

Most of the pre-Maastricht negotiations are now being handled at the highest level. EC heads of government will continue a flurry of bilateral meetings over the next few days in an attempt to forge understandings before convening in the Netherlands on December 9-10.

Mr John Major, UK prime minister, will visit The Hague tomorrow to see

Mr Ruud Lubbers, Dutch prime minister, for the second time in 10 days. On Monday, Mr Major will host a working lunch with President François Mitterrand of France at Downing Street.

Yesterday, Mr Major expressed guarded optimism that EC heads of state could reach agreement at the summit. But he told Tory supporters in Oxford: "We don't want a deal that is not in the interests of British industry, commerce, and the British people, and I don't believe Europe would force such a deal on us."

Finance ministers will tonight start

By David Buchan in Brussels and Ivo Dawnya in London

reviewing all outstanding issues in the negotiation on economic and monetary union. The dispute over whether all countries or just Britain - should be allowed to decide later in the 1990s about adopting a single currency will be left until Maastricht.

Mr Lubbers, organiser of the Maastricht summit, repeated in a newspaper interview yesterday his view that Britain would join Ecu by the end of

the century. Mr Major is expected to use the talks with Mr Lubbers to underline Britain's continuing opposition to the introduction of qualified majority voting on social issues, but its readiness to give some ground on other outstanding political union questions.

Aside from threats by Greece and Spain to veto Maastricht unless they get particular items written into the treaty, statements from the main players - Germany, France and the UK - have avoided much of the hard-line posturing that has preceded EC summits of far less consequence.

Speaking of the UK, President Mitterrand told a German newspaper: "It is better to show understanding and patience than to leave a great European country by the wayside." However, he warned that a recalcitrant Britain could find the others going ahead without it.

Officials in London said the talks between Mr Major and Mr Mitterrand were likely to focus on differences over defence issues and to seek common ground. Continued on Page 22

Conflict unabated Page 4
Tempo quickens Page 6

Bush considers big cuts in US defence spending

By Lionel Barber in Washington

PRESIDENT George Bush is considering big new cuts in US defence spending in an effort to recapture the political initiative before launching his 1992 re-election campaign.

Mr Bush's "peace dividend", combined with proposed revisions in the budget deficit reduction agreement, is expected to be unveiled in his State of the Union address to Congress in late January, senior US officials said.

The president has come under increasing criticism from Democrats and members of his own Republican party for neglecting domestic issues and failing to produce an economic growth package to restore public confidence in the stagnant US economy.

The slump in Mr Bush's popularity has prompted plans for a new year counter-attack. He will shortly announce his campaign team, unveil a strong State of the Union address, and "play presidential" as he prepares for the New Hampshire primary in mid-February, his first election test.

In the past two weeks, the president has consulted Mr Dick Cheney, defence secretary, Mr James Baker, secretary of state, and Mr Brent Scowcroft, national security adviser, about cuts in the defence budget beyond the 25 per cent reduction in forces planned by 1995.

These cuts would affect significant weapons programmes such as the B-2 Stealth bomber, as well as the number of active duty US army divisions, tactical fighter wings and aircraft carrier groups. The cuts, which could save up to \$50bn (\$28bn), would be made gradually, starting next year with heavier reductions at the end of the five-year cycle.

One possibility is that the US army could cut the number of active divisions from 18 to 10 by 1995, instead of the planned 12. The US navy could trim its battle carrier groups from 14 to nine, instead of 12; the air force could bring down its tactical fighter wings from 36 to 20, instead of 25.

Senior US officials say the defence budget can bear further cuts because of the collapse of the Soviet Union and the resulting disappearance of the main threat to US national security. The Pentagon's five-year budget reduction plan was drawn up before the sweeping changes of the past 12 months, a senior US official pointed out.

These same calculations have started to influence administration thinking about the budget deficit reduction agreement negotiated with Congress at the end of last year. The pact sets dollar ceilings for defence, foreign aid and domestic categories, but it

stipulates that tax reductions require corresponding spending cuts and prohibits funds to be shifted between the various categories.

The prevailing view is that the budget accord has proved a fairly effective constraint on Congressional spending, though a growing number of senior officials believe it is too inflexible. A consensus is emerging in favour of amending the pact so that spending can be shifted between categories, while maintaining an overall cap on total spending.

This month, Congress failed to support a \$1bn humanitarian aid package to the Soviet Union, including the provision of several hundred million dollars for dismantling nuclear weapons, all to be drawn from the defence budget.

Democrats and Republicans were nervous about being accused of backing foreign aid at the expense of domestic US needs, but as one US official said: "Helping the Soviets dismantle their nukes is not foreign aid - it's in our national interest."

Officials hope they can maintain a cap on overall spending, since news that the administration intends to revise the budget accord could unsettle the financial markets and lead to a rise in interest rates. This could further hurt the economy.



Kenneth Baker is guilty of contempt

By Robert Rice and Ivo Dawnya

MR KENNETH BAKER, the UK home secretary, gave notice last night that he had no intention of resigning his office despite an unprecedented verdict by the Appeal Court finding him in contempt over the deportation of an asylum seeker.

It is the first time a UK government minister has been found guilty of contempt of court. The case has whipped up a storm of controversy around Mr Baker, whose year-long tenure of the Home Office has been repeatedly dogged by controversy.

Already under fire for the escape this summer of two IRA suspects from Brixton prison, Mr Baker has been criticised by members of his own party for his handling of the dangerous dogs issue, and is currently facing an onslaught of opposition attacks on the Asylum Bill, now passing through the Commons.

As the opposition parties stepped up calls for his immediate resignation, Mr John Major, the prime minister, brushed aside as "silly" suggestions that he might ask his home secretary to step down. The new row guilty finding has nonetheless put a new

Continued on Page 22
Economy case, Page 5

UK building shares fall as Lovell makes £62m provision

By Bronwen Maddox

UK BUILDING shares fell sharply yesterday after VJ Lovell Holdings' announcement that it was making some £62m of provisions against the value of development property and would pay no final dividend.

Shares of the construction group fell 61 per cent to 87p and there were tremors throughout an already nervous building and construction sector, depressing hopes that the recession was bottoming out.

Mr Robert Sellier, Lovell's chief executive, said: "I do not see any recovery for 1992 either."

In April Lovell raised \$31m in a rights issue to shore up its balance sheet, part of a wave of rescue rights issues in the sector earlier in the year. The issue compensated for the £25.9m provisions that had the group thought it would make

Liquidations rise Page 5
Lex Page 22

In the full year to September, Mr Sellier, who joined the group in March, said yesterday: "On the basis of our audit of the land bank - which assumed that there would be some improvement in house prices - we thought then that we'd cleaned out the Augean stables."

The group has now identified a further gross £36m of provisions, exceptional and extraordinary charges. The recovery it had discerned in April "had proved to be short-lived".

Lovell Homes, the house-building subsidiary, had sold only 865 units by September instead of the expected 1,000, the US and UK commercial property markets had declined,

and the group now planned to withdraw from US commercial development and from Spanish housing, the group said.

On balance sheet debt of \$55.7m in September was £15m higher than Lovell had expected. Its year-end total debt, including about £40m off balance sheet, is likely to be some 170 per cent of net assets after the provisions.

The group, which had planned to pay a maintained final dividend of 6.75p, expects present gearing to breach bank covenants, but is having "constructive discussions" with Barclays, its chief UK bank.

Taylor Woodrow, the rival construction company which bought 4.9 per cent of the group in June, said: "We bought the stock for investment purposes and this does not change our position."

MARKETS

| STERLING | DOLLAR | STOCK INDICES |
|---|------------------------------|--------------------------------------|
| New York lunchtime: \$1.767 | New York lunchtime: DM1.6245 | FT-SE 100: 2,420.2 (-8.4) |
| London: \$1.765 (1.768) | FF15.5515 | FT-A All-Share: 1,188.95 (-0.5%) |
| DM2.57 (2.56) | SP11.4345 | FT-SE Eurotrack 100: 1,082.58 (-7.9) |
| FF9.80 (9.755) | 129.85 | New York lunchtime: DJIA 1,164.45 |
| SF2.535 (-2.5275) | DM1.6265 (1.617) | FF15.5525 (5.2225) |
| Y229.5 (same) | FF11.4345 (1.4285) | SP11.4345 (1.4285) |
| Index 90.5 (90.4) | 5 index 63.5 (63.2) | Tokyo close: 130.07 |
| GOLD | US LUNCHTIME RATES | Fed Funds: 4 1/4 % |
| New York Comex Feb 537.1 (-57.9) | 3-mo Treasury Bids: 4.451% | Long Bond: 10.0% |
| London: \$365.35 (366.05) | US LUNCHTIME RATES | yield: 7.931% |
| N SEA OIL (Argus) | | |
| Brent 15-day Jan 52.25 (-0.75) | | |
| Crude oil prices changes yesterday: Page 22 | | |

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Austria: Sch90; Bahrain: Dh90; Bermuda: \$1.50; Belgium: BF90; Canada: C\$1.45; Cyprus: C\$1.00; Czechoslovakia: Kcs90; Denmark: Dkr13.00; Egypt: E£90; Finland: Fmk90; France: FF90; Germany: DM90; Greece: Dr90; Hong Kong: HK\$90; Hungary: Ft90; Iceland: ISK90; India: Ru90; Indonesia: Rp90; Ireland: Ir£90; Israel: NIS90; Italy: Lira90; Japan: ¥90; Jordan: JD1.20; Korea: Won90; Kuwait: KD1.00; Luxembourg: Lfr90; Malaysia: RM90; Malta: M£90; Morocco: Dir90; Nigeria: Naira90; Norway: Nkr90; Oman: Orl90; Pakistan: Rs90; Philippines: P90; Poland: Zl90; Portugal: Esc90; Qatar: Qr90; Saudi Arabia: R90; Singapore: S\$90; Spain: Ptas90; Sri Lanka: Ru90; Sweden: SKr90; Switzerland: SF90; Taiwan: NT\$90; Thailand: Bht90; Tunisia: Dind90; Turkey: Lira90; UAE: Dir90; USA: \$1.25

WHOLE IN ONE

Global investment has become so complex that there is no place for the amateur. With economic trends, industry developments and currency movements affecting thousands of securities in the world's stockmarkets, the private individual lacks the time and resources to identify the opportunities - and to avoid the pitfalls.

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INTERNATIONAL NEWS

Yugoslav army pull-out begins

By Laura Silber in Belgrade, Christopher Parkes in Bonn and Michael Littlejohns in New York

THE YUGOSLAV federal army yesterday began withdrawing from barracks in Croatia after the republic said it would allow United Nations peacekeeping forces to be deployed at battle zones in its territory.

Meanwhile, Chancellor Helmut Kohl of Germany yesterday raised the tempo of his campaign for rapid European Community recognition of Croatia and Slovenia by inviting the presidents of both states to talks in Bonn next week.

Mr Franjo Tudjman, the president of Croatia, said on Thursday night that UN forces could be deployed in Croatia's battle zones, after previously insisting that they could be posted only along the republic's borders.

Croatia fears that Serbia will gain the third of Croatia's territory at present controlled by the federal army.

After Croatia lifted its blockade of army barracks in its territory, a convoy of about 200 tanks and vehicles pulled out

of two federal bases in Zagreb, the Croatian capital, according to Tanjug, the Yugoslav news agency.

European Community monitors watched as the convoy moved south from Zagreb towards the republic of Bosnia-Herzegovina.

The lifting of the blockade and the troops' withdrawal are crucial elements in the first UN-negotiated ceasefire in Yugoslavia, the 14th in the conflict all told.

Mr Tudjman's concession, and the fact that the four-day-old ceasefire appeared to be holding in most of Croatia created some optimism before the return to Yugoslavia tomorrow of Mr Cyrus Vance, the UN special envoy, to discuss the deployment of peacekeeping forces with Croatia, Serbia and the federal army.

The UN has said it will deploy peacekeepers only if the truce holds and the warring sides agree on where they should be posted. However, scattered violence did continue

yesterday, with Tanjug reporting artillery battles in Lika and Nova Gradiska, in central Croatia.

A UN spokesman said yesterday Mr Vance would hold talks "regarding the shape, size and deployment of a possible peacekeeping operation".

Mr Vance and a party of UN advisers will spend a week in Yugoslavia before returning to New York to report to Mr Javier Pérez de Cuellar, the UN Secretary General, who will in turn report to the Security Council.

Mr Pérez de Cuellar said on Thursday he could shortly urge the UN to launch a peacekeeping operation of up to 10,000 troops.

Greece said yesterday it would be willing to participate in the force, while Belgian television quoted defence ministry officials as saying that the country could send 1,000 troops to Yugoslavia with the UN.

Germany's diplomatic campaign to win recognition for Croatia and Slovenia, mean-

while, will be stepped up with the arrival of Mr Milan Kucan, Slovenia's president, in Bonn on Tuesday, and Mr Tudjman, his Croatian counterpart, on Thursday for talks about the implications of recognising their independence.

Mr Kohl's talks with several community partners were "already far advanced", according to Mr Dieter Vogel, the Bonn government's official spokesman. However, signs of impatience emerged from the foreign ministry. A spokesman said he was worried about the impression that Germany and the EC had not done enough to help stop the war.

As a result of German efforts, he said "more or less all" EC members supported recognition, although the timing had not been agreed. Mr Kohl has been striving to have the process completed before Christmas and is expected to raise the issue with Mr François Mitterrand, the French president, when he flies to Paris on Tuesday night.

Upper house rejects Bundesbank restructuring

By Peter Norman in Frankfurt

THE future organisation of the German Bundesbank was thrown into confusion yesterday when the Bundestag, the upper house of parliament in Bonn, unexpectedly rejected a government bill to reorganise the bank's federal structure by a majority of more than two thirds.

The news hit the bank's Frankfurt headquarters like a bombshell. Mr Helmut Schlesinger, the Bundesbank president, who was entertaining a small group of London-based journalists at the time, was visibly shaken. The Bundestag decision was "unexpected", he said.

Although yesterday's events are unlikely to have any immediate consequences for Europe's most powerful central bank, they throw a question mark over its future effectiveness at a sensitive time.

In less than two weeks, European Community leaders meet in Maastricht to consider new treaties on economic, monetary and political union. The present drafts envisage the creation of, first, a European Monetary Institute and, later, a European Central Bank, which in the German view must be as effective in combating inflation as the Bundesbank has been.

It is now feared that an inner German wrangle over the Bundesbank's constitution could damage its prestige and effectiveness in the run up to European Monetary Union. The bill rejected by the Bundestag envisaged the creation of nine state central banks, each with a governor who would serve on the Bundesbank's central council, for the 16 Länder of united Germany instead of having one for each state.

Mr Schlesinger said the Bundesbank had expected the bill to be defeated yesterday, but by a simple majority which could have been overturned by the government supporters in the Bundestag, the lower house of parliament.

Yesterday's two-thirds majority - which followed an unexpected decision by Berlin to vote against the measure - cannot be reversed in this way. Instead the arbitration committee of both houses of parliament will deliberate on the issue and the future of the Bundesbank will be the subject of political compromise.

Even before yesterday's Bundestag decision, the Bundesbank was facing a number of difficult policy issues at home and abroad.

On interest rates, where the bank has to weigh domestic inflationary pressures against the international "inability" to higher German rates, Mr Schlesinger said that the Bundesbank could not contemplate a lowering of short term German rates.

Interest rates would stay relatively high as long as German monetary policy had to carry the burden of combating inflation, he said. He expressed approval of the recent rise of the D-mark, describing the market's judgment as "rather good".

However, he poured cold water on speculation of a realignment of parities in the exchange rate mechanism of the European Monetary System. Such a development would have to be approved by all ERM member states and agreement on that would not be forthcoming, he said.

Mr Schlesinger underlined that the Bundesbank's target next year would be to reduce the German rate of inflation from present levels of around 4 per cent.

The upper house threw out Chancellor Helmut Kohl's ambitious tax reform plan, casting doubt over a cut in corporate taxes in 1993.

The Chancellor wanted to raise consumption taxes and lower corporate taxes simultaneously, a plan bitterly opposed by the Social Democrats (SPD).

IMF chief urges end to trade curbs

By Leslie Crawford in Santiago

MR Michel Camdessus, International Monetary Fund managing director, hailed Latin America's conversion to free markets during a two-day visit to Chile and urged the industrialised world to drop its protectionist barriers against the region's exports.

"Unless trade is opened up, it will be impossible for developing countries to modernise their export sectors," he said in a speech to the Santiago-based United Nations Economic Commission for Latin America. He insisted that access to world markets was the fundamental route for Latin America to grow out of its debt problems.

He warned world leaders that they could not risk failure in the current Uruguay round of trade talks at the General Agreement on Tariffs and Trade.

He also urged Latin American governments to reduce military spending to free more resources to combat poverty.

EC, US seek way out of farm subsidies deadlock

By William Dullforce in Geneva

THE EUROPEAN Community and the US will resume talks aimed at resolving their differences over farm subsidies in Brussels on Tuesday, EC officials said yesterday.

The decision was reached after President George Bush and Mr Rudi Lubbers, Dutch prime minister and current EC president, had agreed by telephone on Tuesday to make a renewed effort to break the EC-US impasse over farm reform which has put five years of international trade talks in jeopardy.

The two presidents were due to talk again by transatlantic telephone last night.

In Geneva Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, told heads of delegations that he intended to put the Uruguay Round talks "back on track" next Thursday.

A basis for final negotiation existed in each and every subject, Mr Dunkel said. Delegates could now explain clearly to their governments the political issues on which decisions needed to be taken immediately in order to achieve substantial results across the board before December 20.

The next three weeks would determine whether the round would end with substantial trade liberalising agreements or with the "unthinkable possibility" of a missed opportunity, Mr Dunkel warned, adding in an obvious reference to the EC-US deadlock over agriculture that "the next hours and days will be crucial".

EC officials said farm negotiators would not be present at the initial attempt to break the deadlock on Tuesday. Mr Jules Katz, deputy US trade representative, would be accompanied by Mr Robert Zoellick, under-secretary for economic affairs at the State Department, who would be in Brussels for a NATO meeting.

Mr Pascal Lamy, chief aide to EC Commission President Jacques Delors, would be alongside Mr Hugo Paemen, the EC's chief negotiator in the trade talks. Mr Zoellick and Mr Lamy were the US and EC "sherps" at the London summit.

US farm negotiators have said they would be ready to resume talks in Geneva on Thursday, according to EC officials. The Uruguay Round reached crisis point last week when Mr Guy Legras, EC director general for agriculture, and Mr Richard Crowley, US farm under-secretary, failed to resolve differences and went home after meeting for only one day.

A solution depends primarily on the EC agreeing to deeper cuts in its export subsidies than it has been willing to do so far, US officials said yesterday. Differences remained over cuts in domestic supports to farmers and in border protection, but these could probably be bridged, if the EC offered more on export subsidies.

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Face of hope: a small child clings to her father at Zagreb railway station yesterday. Her father, a Croatian soldier, was at the station to put his family on a train to Austria.

Catholic synod looks at role in Europe

By Robert Graham in Rome

AN historic synod began this week in Rome aimed at establishing guidelines for the role of the Catholic Church in post-Communist eastern Europe. The gathering, attended by senior church figures from both east and west Europe, was inaugurated on Thursday by Pope John Paul II at a special mass. It is due to continue until December 14.

The Polish Pope has broken with the Vatican's normally slow organisational procedures to capitalise on the fast changing circumstances in eastern Europe. His aim is to ensure the church's prominence in propagating Christian values in societies grappling with new economic systems and infant democracies.

Pope John Paul II, addressing the delegates, called for a spirit of unity among different Christian groups in eastern Europe. He warned against a sense of triumphalism at the end of communism and urged his audience to rise to the challenges by launching a "new spirit of evangelisation".

The new Europe envisaged by the Pope stretched "from the Atlantic to the Urals and from the Mediterranean to the North Pole".

Seen by some as the Catholic version of Maastricht - providing moral and spiritual unity for the new Europe - the idea of the synod was initiated in April 1990 by the Pope on a visit to Czechoslovakia.

This is the first time, the

Vatican has acted on its own on such a broad front.

The synod is being attended by over 200 bishops and senior religious figures of whom 137 will have the right to vote, and of these 70 have come from western Europe, 50 from eastern Europe and 17 from elsewhere. Significantly the patriarch of the Russian orthodox church turned down an invitation, as did delegations from Bucharest and Sofia.

These refusals were reportedly in protest at the attempts by the Catholic Church to take advantage of the new freedom of movement to proselytise - in particular by naming bishops for dioceses in the former Soviet Union where none previously existed.

Apart from the question of re-establishing a presence in eastern Europe, the Catholic Church faces a number of key problems. The Pope is anxious the church should occupy the moral and ethical void left by the collapse of communism; but the Vatican also has to determine the extent to which such a policy involves the church directly in politics.

For instance, the Vatican did not conceal its support for President Lech Wałęsa in Poland but the recent Polish elections showed a serious fragmentation of the Catholic vote. Equally, in Yugoslavia, the church has found itself backing Catholic Croatia and Slovenia at the expense of Serbia.

Hungary appoints central bank governor

By Nicholas Denton in Budapest and Anthony Robinson in London

THE Hungarian government yesterday chose Mr Peter Ákos Bod, minister of industry, to take over as central bank governor after the sacking of Mr György Surányi on Thursday.

Timing of the reshuffle was dictated by a central banking law which comes into effect on December 1 and greatly enhances the independence of the National Bank of Hungary. The new law would have made it almost impossible to sack Mr Surányi, an independent-minded, non-party technocrat.

Mr Surányi's dismissal has fuelled fears of renewed politicalisation in a country which is still recovering from more than four decades of communist rule. Mr Surányi, whose tight money policy reassured holders of Hungary's \$20bn foreign debt and helped attract over

\$1.5bn of foreign investment, was not associated with the conservative ruling coalition.

He has been under political pressure particularly after recently signing a Democratic Charter drawn up by a wide range of opposition forces which implied that democracy had not yet been fully established in Hungary.

Mr Bod has criticised the social and industrial impact of the government's tight monetary policy and called for a more interventionist industrial policy.

Reports of Mr Surányi's dismissal were greeted with dismay by western bankers. But an aide to the prime minister denied that it would mean a relaxation of monetary policy.

Budapest looked into a monetary policy by the agreement concluded this week

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But Mr Ivan Silyayev, chairman of the inter-republican economic committee, said he expected conflicts with the four republics that had so far shunned a memorandum assuming shared responsibility for the foreign debt.

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Protests over steel aid ruling

By Christopher Parkes in Bonn

THE LEGALITY of the FF2.5bn (\$250m) in "state aid" for French steel maker Usinor/Sacilor must be tested in the European Court of Justice, Mr Ruprecht Vondran, president of the German Steel Federation, said yesterday.

The British and Belgian industries are also believed to be preparing formal protests following the European Commission's approval earlier this week of the cash injection from the state-owned Credit Lyonnais bank. The competition department decided the trans-

fer was not a disguised state subsidy and so legal.

Appealing for action from the Bonn government, Mr Vondran warned that a rising tide of national subsidies in the European Community threatened the German industry, which had to survive unaided.

Until now, he said, steel subsidies had been allowed to help with restructuring. They were essentially defensive.

"But from now on, after this EC decision, it will also be possible to use state assistance to move into new product areas,

new markets and to gain market leadership. In short, to pursue offensive aims," he added.

He demanded that Mr Jürgen Möllemann, economics minister, should deploy all his resources to level the playing field. An appeal to the European Court in Luxembourg was essential.

German steel makers, beset by structural problems, low prices and fading demand, have grown increasingly agitated over state intervention elsewhere in the EC.

E Berliners take to streets over university sacking

By Leslie Collie in Berlin

THE citizens of what was east Berlin are on the streets again. But this time their cause is light years from the euphoria that accompanied the tearing down of the Berlin Wall.

It centres on the dismissal by the Berlin authorities of Mr Heinrich Fink as head of Humboldt University. He stands accused of being an informer for the Stasi, the notorious east German secret police.

The difference is that Mr Fink is fighting back. He has

denied he was an informer, explaining that as former head of the university's theological faculty he was forced to meet Stasi officers as a matter of routine. He said he would seek his reinstatement in court.

By standing up for the rights of east Germans, Mr Fink has become a hero to many who have lost their jobs and self-respect. More than 2,000 students at Humboldt University protested outside the city parliament on Thursday.

Mr Schlesinger underlined that the Bundesbank's target next year would be to reduce the German rate of inflation from present levels of around 4 per cent.

The upper house threw out Chancellor Helmut Kohl's ambitious tax reform plan, casting doubt over a cut in corporate taxes in 1993.

The Chancellor wanted to raise consumption taxes and lower corporate taxes simultaneously, a plan bitterly opposed by the Social Democrats (SPD).

Changing colour of Ukrainian communism put to the test

Chrystia Freeland on a bitter presidency battle in dual elections that will probably see a majority vote for independence

A LOOMING red star at the October coalmine on the outskirts of the Ukraine's south-eastern city of Donetsk invokes an earlier era: a time when the Donbass region's mining and industry made it Stalin's flagship for economic growth.

But, today, as the miners light up their cigarettes ahead of the 6 a.m. shift, their conversation reflects the area's political sea-change.

"I will vote for Kravchuk, he is the more skilled politician," says Mykola Dulka, a 45-year-old who has worked at the mine for seven years.

Thirty-five-year-old Sasha disagrees adamantly: "I have not decided who I will vote for, but it will not be Kravchuk. First he was a Communist, now he has become a demo-

crat, but really nothing has changed."

Mr Leonid Kravchuk, a former Communist who currently chairs the Ukrainian Parliament, is the leading presidential candidate in tomorrow's dual elections - that will not only choose a new leader for the republic but decide whether the Ukraine will declare its independence from the Soviet Union.

Most of the miners say they will vote for independence, as will, according to the latest opinion polls, more than 80 per cent of the voters.

The presidential contest is far less clear and has become a bitter battle between Mr Kravchuk and dissenting dark horse candidate in the person of Mr Vyacheslav Chornovil.

The bitterness emerged this

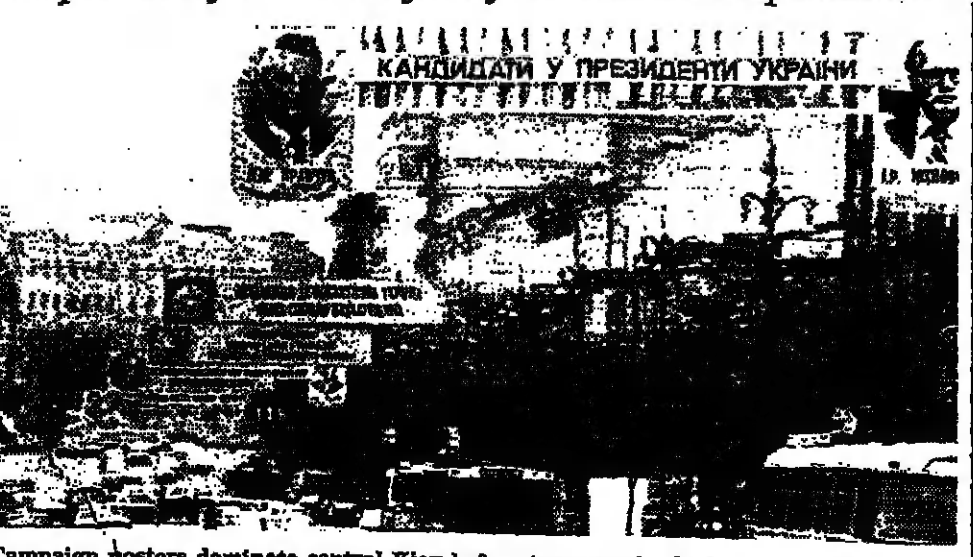
week when Mr Chornovil stormed out of a live television broadcast, accusing the media of unfair bias. His campaign manager, Mr Les Panik, claims that 62 per cent of airtime has been devoted to Mr Kravchuk and another former Communist candidate (who has now withdrawn), while Mr Chornovil and four other Democratic Bloc candidates have received only 38 per cent.

Mr Panik alleged that the Communists had "changed their colours, but they still want to warp our view of the world."

The real question is what sort of independent Ukraine will live in, that of the party bosses or that of the people. If it is the party bosses, then our young democracy will have an immediate funeral. It will not survive.

Mr Kravchuk hit back with the charge that, by challenging the legitimacy of the presidential campaign, Mr Chornovil is jeopardising the result of the independence referendum.

The most recent opinion poll, conducted by the Ukrainian Institute of Sociology, gives Mr Kravchuk 47.5 per cent of the vote, more than twice Mr Chornovil's rating of 21.6 per cent. However, according to Ukrainian election law, a candidate can win in the first round only if he draws more than 50 per cent of the vote. If none of the contenders succeeds, a second poll will be held between the top two candidates on December 14. This would favour Mr Chornovil, who would expect to win the support of the other Democratic Bloc candidates.



Campaign posters dominate central Kiev before tomorrow's election and referendum

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S Africa's constitution talks will go ahead

By Paul Waldmeir
in Johannesburg

TWENTY South African political groupings held historic talks in Johannesburg yesterday to lay the ground-work for negotiations next month on a post-apartheid constitution for the country.

It was the first such meeting ever, and the participants agreed, after months of delay, that substantive constitutional talks would go ahead on December 20 and 21. Delegates said the atmosphere during yesterday's session was genial, despite the deep political divisions between the participants.

Parties to the talks included bitter political enemies, some of whom had never met formally. The ruling National Party, for example, was seated next to the ultra-left Pan Africanist Congress (PAC), which had never before agreed to negotiate with the Nationalists.

The most important participants were the South African government and the National Party (which sent separate delegations), the African National Congress (ANC) and the mainly Zulu Inkatha Freedom Party.

They were joined by the PAC, the Liberal Democratic Party, various other political parties and government from the so-called black homelands, and representatives of the Indian and coloured communities.

The all-day meeting agreed to convene a "Convention for a Democratic South Africa" on December 20-21, at the World Trade Centre in Johannesburg. Disagreements over the venue, which had threatened to delay progress, were resolved when the PAC's demand that talks be held outside South Africa was overruled.

Next month's meeting will have to tackle tough issues such as principles for a post-apartheid constitution and how a new constitution should be agreed.

For example, the ANC and other parties are demanding an elected constituent assembly, something which is opposed by the National Party.

Former minister jailed in Japan

By Stefan Wagstyl in Tokyo

A FORMER Japanese cabinet minister and current member of the Diet was yesterday sentenced to jail for tax evasion.

The judge said he wanted to make an example of Mr Toshiyuki Inamura, a former director general of the environment agency, in sentencing him to three years and four months in prison with hard labour and with no right to remission.

The sentence was immediately interpreted as a warning to politicians to stop thinking they are above the law in their financial dealings and fund-raising activities.

The judge rejected an appeal for leniency made on the grounds that Mr Inamura needed lots of money because he was a politician. "No exception shall be made for politicians," said Mr Shigeru Matsura, the judge. "Businessmen also need money to expand their business."

Mr Inamura is the first serving member of the Diet to be sentenced to jail. In 1983 Mr Kakuei Tanaka, the former prime minister, was given a suspended jail sentence which he is appealing against for his role in the Lockheed scandal. The appeal still has to complete its passage through the courts.

Tax evaders usually receive suspended sentences in Japan and politicians are normally allowed to avoid prosecution by paying penalty taxes. Mr Inamura has been treated differently because his abuses

were judged to be particularly blatant. He admitted evading ¥1.7bn (£7.4m) in taxes on ¥2.8bn in income from stock dealings, some of them carried out from his ministerial office. He had close links with speculators, including Mr Mitsuhiro Kotani, who was later charged with share-rigging and other infringements of commercial and financial law.

Mr Matsura, the judge, said Mr Inamura betrayed the people by evading his duty to pay taxes. Public trust in politicians had been seriously damaged by the case.

The ruling sets a tough precedent for politicians and others who still face court proceedings over their involvement in the Recruit bribery affair.

Among them is Mr Takao Fujinami, a former chief cabinet secretary, who was a close aide to Mr Yasuhiro Nakasone, the former prime minister.

However, the long-term impact of yesterday's sentence may not be so great.

In the wake of the Recruit scandal, the ruling Liberal Democratic Party launched into discussion of political reform, but bills have yet to see the light of day, and public interest has declined.

According to figures published yesterday, politicians last year reported raising a record ¥337bn (£1.46bn) in campaign funds, a 3.8 per cent increase over 1989, which was also a record year.



Toshiyuki Inamura enters a Tokyo court to receive a three years and four months jail sentence yesterday

● The fate of a controversial bill to allow Japanese troops to serve on United Nations peace-keeping missions hung in the balance last night.

LDP leaders, who angered opposition parties by forcing the bill through a key committee earlier this week, remained undecided on how to proceed.

While the party has a majority in the lower house it relies on the support of the centrist Komei party in the upper house.

Some rank-and-file LDP and Komei members are concerned both about the bill and the way it was railroaded through the committee.

Indicators confirm economic slowdown

By Emiko Terazono in Tokyo

ECONOMIC indicators announced yesterday confirmed Japan's economic slowdown. Conditions in the labour market eased marginally on a fall in job offers in the manufacturing sector, while demand for housing continued to decline.

The ratio of job offers to job seekers for October marked the lowest figure since January last year. The ratio, announced by the labour ministry, fell 0.01 points month-on-month to 1.33 jobs per applicant. The ratio has been on a downward trend since the peak of 1.47 in March.

but labour ministry officials said that conditions in the labour market remained tight.

Job offers fell by 1.1 per cent from the previous month, while the number of applicants fell 0.1 per cent.

The construction ministry said housing starts in October dropped 25.5 per cent from a year ago, its 12th consecutive monthly decline. The figure fell by more than 20 per cent for five straight months. Houses for rent fell 31.1 per cent to 50,694 units while owner-occupied houses declined 7.1 per cent to 37,974 units.

First official probe on dumping begins

By Steven Butler in Tokyo

JAPAN, frequently accused of unfair trade practices, yesterday launched its first ever official anti-dumping probe.

The Ministry of International Trade and Industry (MITI) and the Finance Ministry said they had begun a formal inquiry into imports of ferro-silico-manganese from China, Norway and South Africa. The material is used in the steel industry as a deoxidant and desulphurising agent and increases the toughness and flexibility of steel.

The timing of Japan's first anti-dumping case is laden

with irony. In past years when MITI's main role was to foster and protect Japanese industry it did not have to resort to anti-dumping measures to discourage imports. It is now doing so after it has become one of Japan's main proponents of increasing imports.

MITI said the probe followed a complaint by Japan's Ferro-alloy Association, whose members include Nippon Denko and Kobe Steel.

Association members claim injury as a result of alleged cut-price sales of the material in Japan.

Kenya's political reform process speeds up

By Michael Holman
in Nairobi

KENYA'S political reform process gathered momentum yesterday as an influential former government minister called for a multi-party democracy. Mr Geoffrey Kariuki, dismissed by President Daniel arap Moi in 1983, urged the authorities to accept "diversity of political opinions."

His call came at the end of a week in which government actions have stimulated more open political discussion than at any time since Mr Moi took office in 1978.

The government has effectively given its approval to constitutional debate by withdrawing charges against opposition leaders arrested last weekend for defying a ban on a pro-democracy rally scheduled to take place in Nairobi. A further significant move was the arrest on Tuesday of Mr Nicholas Biwott, the ex-minister allegedly involved in the murder of Mr Robert Ouko, former foreign minister.

Government critics have also been encouraged by this week's decision by western donors to withhold new aid until government tackles corruption, implements economic reform pledges, and moves towards a multi-party system.

A growing number of prominent Kenyans - many of whom were once ardent supporters of the one-party state - are now going public with calls for change.

The changing mood in the party has been highlighted by Mr Peter Aringo, chairman of Kenya's ruling Kanu party and former hard-line proponent of the one-party system, who hinted recently that he might support reform.

The developments come amid growing speculation that Mr Moi may try to wrong-foot Kenya's fledgling opposition by calling an early general election. The president may reveal his plans at a special session on Monday of Kanu's governing council.

NEWS IN BRIEF

Indian strike hits public sector and transport

A ONE-DAY nationwide industrial strike called by six left-wing trade unions yesterday brought work to a halt in many public sector units throughout India and affected services such as airlines, railways and banking, writes K.K. Sharma in New Delhi.

Although the government claimed the response to the strike call was partial, the industrial action suggests closure of unviable public sector units will meet stiff union opposition. A spokesman of the unions yesterday described government policies as "anti-labour" and "a sell-out to the International Monetary Fund." India has obtained over \$5bn (£2.85bn) in loans from the IMF this year.

Kleinwort Benson to advise on Czechoslovak toll motorway

Kleinwort Benson, the British merchant bank, has been appointed to advise the Czechoslovak government on raising private finance to build a network of toll motorways, writes Andrew Taylor, Construction Correspondent.

As a first step it has been asked to prepare plans for the financing of the Czechoslovak section of a motorway linking Prague, the capital, with Nuremberg in Germany. The road, now connecting Prague with Rozvadov on the Czechoslovak border is to be upgraded to motorway standard. It is proposed that about half of the 160km road will be a privately-financed toll road. The cost of upgrading the entire road is estimated at between £200m and £300m.

France assembles Togo force

France is assembling a force to protect Europeans in Togo, where soldiers have toppled the reformist prime minister. French officials said yesterday, Reuter reports from Paris.

They said the troops were gathering in Cotonou, capital of neighbouring Benin.

The officials said the force would be adequate to protect the 3,000 French citizens and other Europeans in Togo. In Togo, President Gnassingbe Eyadema has been trying to coax his troops, accused of killing at least 20 people in a bid to restore him to power, back into their barracks.

Mr Eyadema, stripped of all but his ceremonial powers by Prime Minister Joseph Koffiigoh's government in August, returned from his northern village to Lomé on Thursday after troops and tanks surrounded the prime minister's oceanside palace.

Haiti government calls poll

Haiti's military-backed government has reduced the possibility of a return to office by Mr Jean-Bertrand Aristide, the president who was overthrown two months ago, by calling presidential elections for early January, writes Canute James.

The authorities have been emboldened by the arrival of a shipment of petroleum products, relieving a chronic shortage caused by an economic embargo on the Caribbean state.

The calling of the elections for January 5 came three days before a mission from the Organisation of American States is scheduled to visit Haiti to continue discussions on the restoration of the constitution and the return of Mr Aristide.

Safety pledged for Khmer Rouge

The Phnom Penh government has guaranteed the safety of Khmer Rouge guerrilla leaders if they return to the capital after being driven out by a mob attack. Prince Norodom Sihanouk said yesterday, Reuter reports from Phnom Penh.

"Hun Sen's government has given me this morning the guarantee it will be able to give Khieu Samphan and Son Sen and other members of (the Khmer Rouge delegation) full protection and also a solid guarantee of their safety and security," Prince Sihanouk said.

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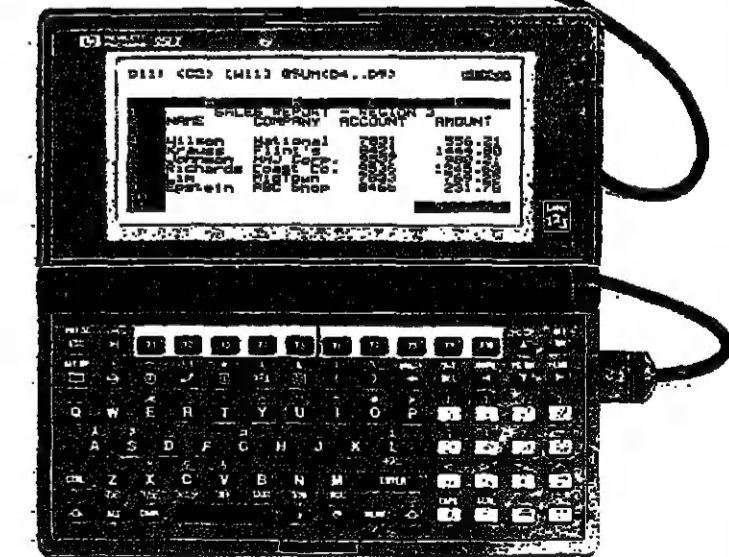
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UK NEWS

Liquidations up to September top 1990 total

By Michael Cassell, Business Correspondent

THE recession is continuing to force growing numbers of businesses into liquidation, according to government figures published yesterday.

In the three months to the end of September, another 5,717 businesses were declared insolvent, compared with just over 4,000 in the same period last year.

Figures from the Department of Trade and Industry published for the first time yesterday by the Association of British Chambers of Com-

merce show that, during the first nine months of 1991, 16,530 companies were liquidated. The total was just over 15,000 for the whole of 1990.

Although the rate of recorded insolvencies lags behind other economic indicators, the latest statistics provide no indication that the recession has been easing off as 1991 draws to a close.

Mr Ron Taylor, the director general of the ABCO, said he was disappointed that there were no signs of a

levelling-out in the rate of businesses collapsing. He added: "The present rate of failure is like tearing every fifth page out of Yellow Pages."

Mr Gordon Brown, the shadow trade and industry secretary, said the latest figures made it imperative that the prime minister ended the "do-nothing inaction" that characterised government economic policy.

Ministers accept that the continuing high rate of business failures is politically damaging but claim that

the rate of new business formations has consistently outstripped the numbers being liquidated.

The annual report of the government's insolvency service, published yesterday, confirmed that company insolvencies in 1990 rose by 44 per cent over the previous year to reach 15,651. In addition, there were 13,987 individual insolvencies, compared with 9,365 in 1989.

Last night, Mr John Redwood, the minister for corporate affairs, said he

was sad to see the increasing number of business failures. He emphasised, though, that the creation and failure of businesses represented a continuous part of the economic cycle.

He added: "I hope that the banks are looking carefully at their customer requirements and finding money to bridge wherever there are reasonable future prospects for the business. I know what a personal tragedy bankruptcy and insolvency can be."

Inland Revenue boosts evasion income to £3.9bn

By Andrew Jack

THE INLAND Revenue clawed back £3.9bn from evaders and others paying insufficient taxes in the last tax year, its annual report disclosed yesterday - a third up on evasion revenues the year before.

Total tax and duty collection levels rose to £82.5bn in the year to March 31 and National Insurance contributions to £23.4bn, but the ratio of collection costs to tax revenues increased for the first time for four years to 1.7 per cent.

Income from non-compliance work - which covers those who underpay taxes wilfully or through misinterpreting their liability - rose by 34 per cent, with the greatest contributions coming from investigations on tax returns carried out by local tax offices.

The Revenue said the increase was the result of greater staffing in its non-compliance sections and a policy of specialism and selectivity in the cases being examined.

Most people underpaying made monetary settlements. However, 236 were convicted for tax offences. More than half of those were involved in subcontractor fraud.

The Revenue warned: "To continue to secure the public revenue, we are committed to maintain, and if possible

increase, the level of our action against non-compliance."

The Revenue's net administrative costs were up 14 per cent to £1.4bn for the year, reflecting increases in most overheads, including an average 9 per cent rise in gross salaries. It raised £75m from other public bodies - principally from rating and valuation work for other government departments and local authorities - against £68m in the previous year.

The proportion of assessed taxes outstanding at October 31, the revenue's financial year, fell to 8 per cent - better than its target figure of 8.1 per cent. Some other areas of collection were slightly below targets. Debt collection was impeded by the downturn in the economy and increased competition from other organisations trying to collect debts.

The report detailed attempts to improve management performance and respond to the government's Citizen's Charter. The Revenue pledged to publish targets for the time taken to respond to letters. Tax forms are being redesigned and there are experiments with flexible opening hours.

133rd Report of the Commissioners of Her Majesty's Inland Revenue. HMSO. £13.70.

The colour goes out of the black cab business

Neil Buckley on troubles for taxi drivers following the collapse of one of London's biggest companies

GEORGE stubbed out his cigarette, opened the partition window in his London cab a little further, and warmed to his theme. "You'd have to be crackers to refuse a ride these days. They used to say no black cab would go south of the river, but now they'll go anywhere, absolutely anywhere."

"People come up and say politely, 'Could you take me to... and you want to grab them by the scruff of the neck and pull them in.'"

It is said that if you want to find out what's really happening in a city, ask a taxi driver. Certainly, the taxi trade is thought to be one of the best barometers of the state of the economy. The government has admitted as much by including taxi operators prominently in a list of 10,000 service-sector companies that from next year will complete regular questionnaires from the Central Statistical Office to help it monitor the economy.

If Mr Norman Lamont were to ask a taxi driver about the recession, the answers would probably be unimpeachable. The omens are not good. This week Bejays, which once had the biggest taxi fleet in London - and in Europe - went into receivership.

George, 63, has been a cabbie for 23 years since losing his job as a warehouseman. "It's the worst year I've ever known. Take today, I've been working four hours so far and I've made £20. It's worse at night."

About 70 per cent of London's 16,000 licensed cabbies are owner-drivers, working to pay off the cost of their



Could you take me to... These days London cabbies can no longer afford to refuse a ride, even south of the river

vehicles. A new cab costs about £24,000.

The rest, rent from taxi garages, paying £100 to £200 a week, depending on the age of the vehicle. They must pay that and the cost of fuel before they start to make any profit. In the boom years of the 1980s, drivers could make £500 or more in a reasonable week, but now many are struggling to meet their outgoings.

Bejays is a prime example. The brown-hub-capped cabs of Bejays are still on the streets,

with drivers now paying rental to Mr Roger Oldfield, of KPMG West Warwick, the receiver. Mr Oldfield hopes to sell the business as a going concern.

It is, however, a sign of the times that the 30-year-old Bethnal Green company should have collapsed into debt.

The downturn in their business, drivers say, started as early as August last year, some time before the onset of the recession was widely recognised. The period after new year 1991, traditionally known

as the "kipper period", was flatter than ever before. The number of tourists fell sharply. By then, the recession was reaching its peak. Mr Harry Fagen, president of the Licensed Taxi Drivers' Association, says record numbers of drivers have been leaving the business, or having their cars snatched back for failure to pay the rental.

London differs from other UK cities by having no licences for private hire cars, or mini-cabs. Some estimates put the

number at more than 40,000, and, with mini-cab driving being one option for the unemployed, the number always increases during a recession. The result: more cars chasing less business.

A look at the cab trade outside London is revealing about the nature of this recession. Further north, the effects have been less serious.

In Birmingham, where 800 black cabs operate, the largest company, TOA Black Cabs, said that the number of jobs

undertaken this year was 20 per cent lower than in 1990.

"I think we have bottomed out," says Mr Terry Hicks, of TOA. "The decline in the number of jobs in October compared with a year ago is less than in September."

In Manchester, where each local authority licenses a few hundred black cabs but up to three times as many private hire vehicles, the effect of the recession has been reflected more in increasing numbers of the latter - and of unlicensed or bogus operators. The black cabs' business has been little affected.

Taxis in Scotland have suffered from weaker trade - particularly during the summer season - but no one is talking of a crisis.

The situation is worst in London, it seems, because high mortgage rates have had the biggest effect on people's disposable incomes, and because the recession has been felt very badly in the City, previously the black cabs' biggest area of business.

The halcyon days of the London taxi may be over. George talks gloomily of people who once travelled everywhere by cab realising how much they can save by going by bus, and not coming back after the recession. Mr Harry Fagen also thinks times are changing.

"Drivers can't get away with the little dodges they once used to, when it comes to tax. I think the Inland Revenue has had people out driving taxis to find out precisely what we make! That's how things should be, of course. But one or two people are finding it hard to adjust."

AEU and EETPU agree to delay strike

By Michael Smith, Labour Correspondent

TWO UNIONS at the Glasgow plant of Barr and Stroud, a military equipment manufacturer, yesterday agreed to delay a strike as the company allowed 16 workers selected for compulsory redundancy to remain, pending negotiations.

The AEU and EETPU engineering and electricians' unions had planned to strike from lunchtime yesterday if the management went ahead with the redundancies.

The unions will meet management for further talks on Thursday.

The 16 were among 24 selected for enforced redundancies.

The remaining eight agreed yesterday to agree voluntarily, which means they qualify for higher severance payments.

The plant is making a total of 230 people redundant from the 1,200-strong workforce. All except the 16 redundancies were by voluntary means.

The AEU and EETPU, which represent about 250 workers at the plant, oppose the principle of enforced redundancies and say union activists figure prominently among those selected by the company.

Barr and Stroud says selection for redundancy was made

in accordance with guidelines suggested by Acas, the conciliation service.

Clashes between unions and managements over redundancies are becoming more frequent as the recession continues and the supply of workers wanting early retirement and voluntary severance dwindles.

At British Aerospace's Preston plants, unions are preparing to support a series of industrial-tribunal claims by members who claim they have been unfairly selected in redundancy programmes. The company has selected more than 500 people for compulsory

redundancy. Some workers have been banning overtime in protest.

At the Coventry plant of GPT, the telecommunications group, some white-collar workers recently held a half-day strike over redundancy pay.

Indefinite strikes of the type proposed by the AEU and EETPU at Barr and Stroud have been extremely rare over the past year. Members of other unions at Barr and Stroud, including the TGWU general union, voted against striking, although they were in favour of action short of a strike.

Damages for meat group over raid

THE High Court yesterday ordered police and a government body to pay £25,000 damages to a meat company for a "deplorable abuse of power" when raiding its premises during a probe into an alleged EC fraud.

Lord Justice Woolf and Mr Justice Pill made the award to South West Meat against the chief constable of Avon and Somerset and the Intervention Board for Agricultural Produce.

The judges awarded £3,000 general damages for trespass and £22,000 exemplary damages to punish the police and board officials for their "oppressive, arbitrary and unconstitutional conduct".

A raid and seizure of company documents was carried out in July this year at the company's premises in Chard, Somerset, on suspicion that it was knowingly concerned in the theft of beef.

Both the board and the chief constable accept that a search warrant was technically defective and that the search was therefore unlawful.

Risk seen to London prosperity in ranking among world cities

By John Willman and Andrew Adonis

LONDON'S prosperity and status as a pre-eminent world city are at risk unless weaknesses in its transport, education and environment are tackled urgently, according to a report published yesterday by consultants Coopers & Lybrand Deloitte.

In response, the government said that improvements to London's management were under active consideration.

London remains one of the world's leading cities, the report says, but the challenge from cities such as Paris, Tokyo and Frankfurt is growing as London's infrastructure and quality of life deteriorate. Noise, inadequate cheap housing, erosion of green space and the absence of a "voice" for the capital are all highlighted.

The report, commissioned by a group of London-based organisations - including the London Docklands Development Corporation and the London

Planning Advisory Committee, which represents all 32 London boroughs - was presented at a conference in the Guildhall yesterday.

Mr Bryan Gould, shadow environment spokesman, welcomed the report as support for Labour's plan to create an elected strategic authority for the capital. Without that, he said, London would "continue to slide down into the same vicious circle of decline that grips New York".

The call for a new tier of government was rejected by George Young, minister for housing. He conceded, though, that the city's existing 32 boroughs were "unable or unwilling" to deal with many of the capital's shortcomings - particularly public transport, strategic planning and "what we have all become accustomed to calling a 'voice' for London".

London's competitive strengths lie in the diversity of

its economic structure, particularly its markets for financial and business services. The report argues the richness of its cultural life is held to be second only to New York's among cities surveyed.

Even so, it says, London is experiencing a growing mismatch in its local labour markets and increasing hardship for growing numbers of the disadvantaged. Paris and Frankfurt appear to have adjusted better to labour market pressures, the report finds, and better training and improved mobility are required to improve London's labour market.

The same is true of transport, it concludes, where London lags behind European cities such as Paris and Frankfurt in its present and planned improvements.

However, the report says London has the asset of ample parks and open spaces.

Labour pledges farm policy switch

By Ivo Dawney, Political Correspondent

LABOUR pledged yesterday to tilt the balance of government farming policy away from the interests of farmers towards consumers.

Mr David Clark, Labour agriculture spokesman, told a European Labour party conference in London that EC food surpluses, environmental concerns and international trade commitments meant that radical reform of the sector was now essential.

A Labour government would replace the Ministry of Agriculture, Fisheries and Food (MafF)

with a Department of Food and Farming, closely linked with EC institutions.

"MafF has been seen as the producers' ministry: the Ministry for Farmers," Mr Clark said.

Citing the disproportionate number of times farm ministers meet the National Farmers' Union compared with their meetings with consumer groups, he said: "That is not good for farmers or consumers."

Labour has promised to establish a Food Standards

Agency to regulate safety and quality and a commission of inquiry to make recommendations on nutritional requirements.

It also promises to dedicate one junior farm minister to coordinate dealings with the European Commission and other EC institutions.

Labour is determined to press for a radical reform of the Common Agricultural Policy, redirecting a significant proportion of its £32.1bn budget into regional and structural aid programmes.

At 9.37am, on Monday the 8th of June (which also happened to be my birthday), my doctor told me I had AIDS. The first person I went to was my brother. I told him I was thinking of killing myself. "Why bother?", he said, "You already have."

That was six years ago.

You see, the problem at that time was that no-one - not the doctors, nor their hospitals, not the media nor their public - really knew enough about HIV infection or AIDS. Or even if

HOW I SURVIVED AIDS.

there was a difference. The only thing they were certain of was that if you caught it, in no time at all, you were dead.

One year later, I wasn't dead. It was around this time, that I first came into contact with the London Lighthouse. I remember the phone call vividly.

"I think I'm dying," I blurted down the receiver. "Don't worry," was the reply, "That's what I said when I first phoned."

Suddenly, I was back in reality. I wasn't the only person in the world with the virus.

A day later I was one of a dozen 'me's' perched on beanbags, drinking coffee and exorcising demons. I was amongst new friends (well let's face it, most of the old ones scattered in the time it takes to say Acquired Immune Deficiency Syndrome).

The difference with these people was that they were prepared to listen - really listen. With open hearts.

AIDS never hurt me maliciously. People did.

London Lighthouse restored my self-respect. I never thought I was much of an artist, but with a little encouragement from one of the painting therapists, I uncovered a hidden talent. Simple pastimes, like a night at the theatre or a game of monopoly (as long as I'm the 'Top Hat'), are pleasures I'd forgotten how to savour.

My renaissance is complete.

Yes, sometimes I get ill, but the challenge of AIDS has brought out the real person in me. More honest. More positive. More assertive. The Lighthouse worked miracles for me. Now I work for the Lighthouse.

I've got a new career out in the community.

Helping men and women affected by HIV and AIDS to face up to it like I did; not as a victim dying but as a person living.

As for the future? Well, I've already paid for next year's holiday. I'm going to Cornwall to celebrate my birthday.

HOW I SURVIVED AIDS.

The London Lighthouse is never short of love and compassion. Money is another matter. Show your compassion. Make a donation.

NAME _____

ADDRESS _____

POST CODE _____

I enclose my cheque (to be made payable to: £1500)

London Lighthouse for £ _____

☐ Please debit my credit card Visa MasterCard

Account number _____

Expiry date _____

Signature _____

☐ I would like to know more about the work of London Lighthouse. Please send me an information pack.

Please return to: London Lighthouse, 111 Lancaster Road, London W11 1QT. Tel: 01-724 1200. Thank you for listening.

London Lighthouse

A centre for people facing the challenge of AIDS

FINANCIAL TIMES

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Weekend November 30/December 1 1991

Sterling still
in the woods

IT WAS a disappointing week for Britain's gloom merchants. Fears that the UK government would be forced to raise interest rates to shore up a plummeting pound were proved wrong. Mr Norman Lamont will have breathed a sigh of relief. But he will not have breathed too deeply. The economic pressures that drove the D-Mark up, and thus sterling down, are no less potent now than they were a week ago. German inflation is rising and interest rates could well go up before they go down.

With Maastricht only eight days away, the political background can only get more tense. Few predicted that sterling would end the week over a penny up on last Friday's close. But its strength was due not to the success of British politicians in softening the likely terms of a European union, but to the failure of Soviet politicians to devalue the disintegration of the ruble.

Why should events in Russia and the Ukraine be helping the British government? The answer serves to emphasise the global aspect of last week's financial market turbulence. Sterling was caught in the cross-fire of a transatlantic shift in investor sentiment from the dollar to the D-Mark. The D-Mark rose against the dollar, and thus against its partners in the European exchange rate mechanism.

Yesterday, the transatlantic flow was reversed. US investors must have reflected over their Thanksgiving turkeys that while the US economy looks sick, it is still better to have their money as far as possible from the Soviet Union.

Yet it is too early to rule out the chance of renewed D-Mark strength. Investors may be fickle, but they will not be able to avoid facing again the underlying reality that the German economy is likely to remain stronger than the American economy for some months to come.

Shallow recovery

Even this week the news from the US was far from encouraging. Consumer confidence has fallen to below its lowest level in the deep recession of the early 1980s. This recession may have been shallow, but the recovery is proving equally so. And with a presidential election campaign spluttering to life, the chances of further cuts in US interest rates are high.

The Bundesbank, by contrast, may have to raise rates before it cuts them. It is, of course, not likely to do anything so provocative before the summit. The German economy may be slowing. But inflation, not recession, is the immediate

threat. Monetary growth is still strong, inflation rose to a higher-than-expected 4.1 per cent in November, and this year's wage round looks increasingly nasty. The Bundesbank's credibility has taken a knock since unification. Restoring it is its priority.

A further bout of D-Mark strength is the last thing that the rest of Europe needs. It could well face France, Italy and the UK with the choice between re-alignment and a rise in interest rates. Regardless of the sick state of their economies, they will probably choose the latter if they must.

German cycle

Why does Europe face high and possibly rising interest rates? In part, but not entirely, it reflects the very different cyclical position of the German economy, European and US economies. It also reflects a rise in the probability of post-Maastricht re-alignments within the ERM, reflected in the recent general rise in long-term interest rate differentials with Germany.

Although failure to agree the two treaties at Maastricht would release a gale of turbulence into the foreign exchange markets, it does not follow that agreement will foreshadow a period of calm. Emu in 1997 means no re-alignments after 1995. If the markets believe a final re-alignment is on the cards before Emu, they will demand higher interest rates to hold suspect currencies. If current account deficits are one measure of over-valuation, then Italy and the UK will be prime suspects; and if the markets expect a re-alignment between now and Emu, they will demand higher rates in that period.

In any case, the ERM will be an uncomfortable place to dwell in over the coming year. By its end, German interest rates may well be falling. Until then, the deflationary impact of high interest rates will be reinforced by sluggish demand in Germany, and very probably in the US and Japan too.

The first half of 1992 will thus not be a good time to call an election. Unfortunately for Mr Major, that is precisely what he must do. There is little the government can do to speed what is so far an almost non-existent recovery. Nor will the prime minister take much comfort from the Treasury line that a "sterling crisis" is the wrong description for a period of general D-Mark strength. A fall in sterling to the bottom of its ERM bands would mean a rise in interest rates, whether or not the cause was D-Mark strength or sterling weakness. And that, for Mr Major, would be a crisis.

Beyond the white cliffs of Dover, a public debate on the future of European integration is starting to stir.

And not before time. In contrast to the clamour in the UK about the implications of transferring sovereignty to supranational Community institutions, there has been no widespread airing of views on the continent about what individual countries would give up by moving towards European union. With just over a week to go before the EC summit in the Netherlands, there are signs, however, that British-style reservations about the journey to a federal Europe are inching towards the surface elsewhere.

This could yet upset the cards stacked at the European negotiating table - if not at Maastricht, then certainly afterwards. To much of public opinion on the continent, "Europe" is often seen as a panacea for economic and political ills. The further south you go, the more strongly this view is held. In Italy, the country which needs to make the greatest efforts to bring its deficit-ridden economy into shape for European monetary union (Emu) - the tense run-up to the summit is far from the minds of politicians and the public. Mr Carlo Ripa di Meana, Italy's commissioner in Brussels responsible for the environment, is dismayed by his fellow countrymen's lack of interest. "There has been absolutely no debate. There is no sense of what is at stake."

It has been mainly left to captains of industry such as Mr Giovanni Agnelli, chairman of Fiat, and Olivetti's Mr Carlo de Benedetti, to raise cries of alarm. But they have focused exclusively upon whether Italy has the credentials to remain in Europe's economic first division.

In Germany, the key player on European union, the importance of the issues involved is only slowly coming into the public eye. Under Emu, the country would lose its prime asset and national symbol - the D-Mark. Leading German participants in the negotiations say the real debate in Germany over European political union - and what should be far more sensitive - monetary union, will only start next year.

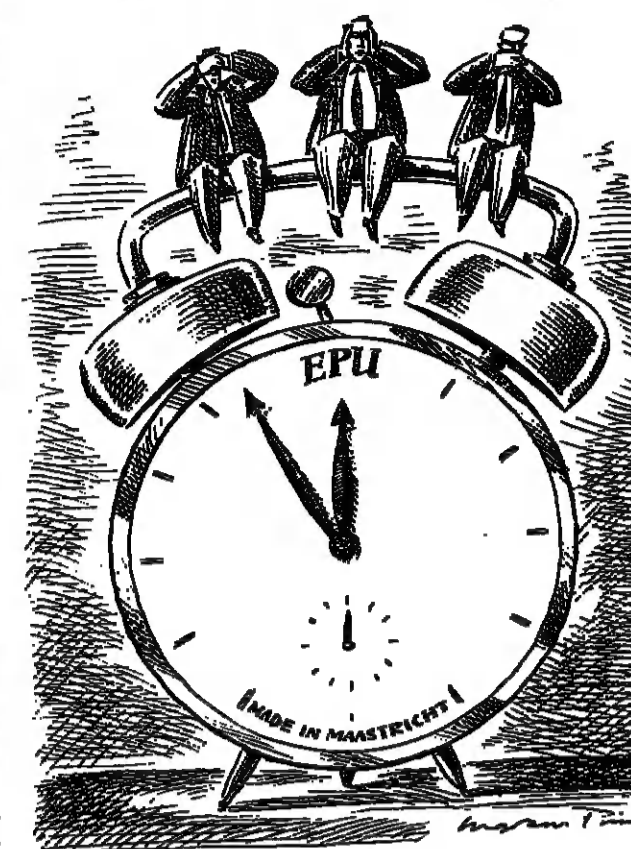
This makes their lives both easier and more difficult. They have not got a hyper-sensitive public opinion breathing down their necks throughout the negotiating process. But at the same time, they are extremely anxious not to leave too many loopholes in the text, which might increase problems in obtaining ratification in the Bundesrat and Bundestag, the two houses of the German parliament.

"There will be a really difficult internal debate here when the ratification process begins," according to one senior official in the Finance Ministry. "We still have not had the real debate. Eventually they will start asking: 'Why is the chancellor giving the D-Mark away? What are we getting for it?'"

Already there are hints that ratification may not be plain sailing. A warning shot was fired last week by Mr Herbert Kremp, a trenchant columnist in the conservative newspaper, Die Welt. He charged that Germany was paying for its unification by losing its own room

FT writers on the public debate on the future of European integration

The tempo quickens



for manoeuvre. "Is it not worth asking the government: Why is it intent on parting with its D-Mark?" he demanded.

The Bundesbank has been making predictably anxious noises about whether other EC member states might try to relax its preferred anti-inflation rules for a single currency. In another admission of worry, one leading German

industrialist confides that he has been told by a French business leader that France wants monetary union above all to fund its social security deficits using German wealth.

Most problematic of all, the Bundesrat, representing the German Länder (federal states) is standing up firmly for the principle of subsidiarity - the idea that lower levels of government should do all the jobs they are capable of, with only the minimum passed to national and supra-national levels. It has flatly stated it will reject the political union treaty if this principle is not given due weight.

In France, too, there is evidence of a gap between the central government and public

opinion. President François Mitterrand has, for at least the past five years, effectively stifled any effective debate on his European policy. In the week debated Europe, Mr Roland Dumas, the foreign minister, outlined the government's ambition of building the Community into the first power in the world. This was

however, one of those perils of a central government without a motion or a final vote. All the political party leaders could have said their say, but they could not directly affect government policy. Hardly surprisingly, the speeches were given distinctly downbeat

treatment in the press. There is certainly political opposition to Mr Mitterrand's federal vision of Europe, including from within his own party. France has brought its inflation rate down to below German levels by shadowing the D-Mark during the past five years - but is suffering rising unemployment. The Communists and the National Front are hostile to the Mitterrand goal; the Gaullist party is opposed to federalism but in

favour of a Europe of nation states. According to Mr Philippe Seguin, a populist Gaullist deputy, "The Community invasion today impinges, and tomorrow risks imploding even more, on the very substance of national sovereignty: money, economy, internal security, foreign policy defence."

In practice, Mr Mitterrand's opponents and critics are simply not taken seriously, partly because of the French president in directing foreign policy. In the French media, there is awareness that lack of debate could bring drawbacks.

Mr Franz-Olivier Giesbert, editor of the conservative daily Le Figaro, says public discussion of France's "identity" within Europe is only just beginning. "There is a large majority in favour of Europe - but the French are less pro-European than they were five years ago," he warns. That

issue like immigration could attract even more attention as "escapegoats" for French discontent about the disadvantages of European integration. Even in the Netherlands, long thought of as a bastion of Euro-federalism, questioning voices are starting to be heard.

Mr Thijs Willems, chairman of the parliamentary group of the Dutch Labour party, the Christian Democrats coalition partner in The Hague, says he is worried about the cuts the country would have to make in its generous social security system in a genuine federal Europe. He admits that the country's traditional support for ever more integration has contained strong elements of "play-acting."

Dutch politicians never talk about sovereignty or the national interest - that is thought of as something selfish or egotistical," he says. "In our Calvinistic tradition, people want to hear preachers in church with high moral standards - when they are really asking: 'How can we do more trade?'" Now, he says, "when one of your ideas (European union) starts to become reality, you can't really say that you didn't mean it."

In Spain, on the other hand, Mr Felipe González, the prime minister, has had even fewer difficulties than Mr Mitterrand in convincing his country of the benefits of surrendering parliamentary sovereignty to the Community.

Spaniards see Europe as a cure-all for their country's own deficiencies - and not just for Spain's shortage of money. Nearly four decades of dictatorship, and centuries of unstable central government before, have instilled deep distrust in the Spanish soul of the country's own rulers, and of their ability to hold together a very disparate nation. Spaniards are convinced that linking up to Europe is the equivalent of becoming modern and progressive. They think that once the Community becomes a whole it will be like living in France or Germany or England," says Pedro J Ramirez, editor of the national daily newspaper, El Mundo. In a comment which might apply to millions of other Euro-citizens, he adds: "They have not thought about the negative side."

At times of frustration, Mrs Rumbold talks whimsically of setting up her own business, or returning to studying the history of art in which she has a degree. She has a healthy respect for some of the quarter traditions of the Commons and its unsociable hours.

If she were to lose her seat at the general election (her 6,183 majority in the London constituency of Mitcham and Morden is safe but not invincible) or her ministerial post in a reshuffle she would not be devastated. But she does not see Sunday trading as her last political battle. Nor does she feel that the issue will greatly matter come next year's general election.

In the greater scene, in the wider picture of politics as a whole, do you think that Sunday trading is going to be a major issue?" she asks. But until Christmas, at least, it does not look like an issue that will sink quietly away.

A rapid loss
of confidence

Robert Rice on public concern over miscarriages of justice

Public confidence in the courts and the police was dealt another serious blow by events in the Court of Appeal this week. The overturning of the convictions of Winston Silcott, Engin Raghip and Mark Braithwaite for the murder of PC Keith Blakelock during the 1985 Broadwater Farm riots has had an impact on the public that goes beyond anything felt after convictions against the Guildford Four, Maguire Seven and Birmingham Six were quashed.

These three cases, together with revelations about the conduct of the disbanded West Midlands Serious Crimes Squad, confirmed what had long been suspected: that the police were capable of fabricating evidence to secure a conviction when under pressure. The system was not only capable of perpetrating a grave miscarriage of justice but also of perpetuating it for an inexcusable length of time.

The government's apparent willingness to leave the issues raised by these cases to a Royal Commission on Criminal Justice, which will not report until 1993, has fuelled Tory backbench worries that the party's election hopes will be damaged.

"It will be catastrophic for the country if people come to see the police as an overpowered, unfriendly, vested interest, and it will undercut the Tory standing on law and order," wrote Mr Charles Moore, deputy editor of the Daily Telegraph, this week.

With the Birmingham and Guildford cases, however, the events happened long ago. Home Office forensic standards have since been greatly improved and the 1984 Police and Criminal Evidence Act have tightened up police procedures and introduced safeguards for suspects.

After the case of the Tottenham Three that excuse is no longer available; despite improved procedures, the police still fabricate evidence to secure convictions.

The Tottenham case has inevitably led to calls for immediate action from the government. Lord Mishcon, Labour's chief legal spokesman, said in the Lords on Thursday that public confidence had been so shaken that the government could not afford to wait until the Royal Commission on Criminal Justice reports in early 1993 before taking action.

"To wait two years, followed by the time taken to pass quite complex legislation is too much to ask of a public seriously concerned by this run of miscarriages of justice," he said.

The reply of Earl Ferrers, the Home Office minister, was predictably that these were issues for the Royal Commission, which should not be rushed.

Certainly, the legal proce-

dures can only be addressed by the Royal Commission. Common factors have emerged from the recent miscarriages which require careful consideration. For example, shoddy forensic science work. The commission is expected to make recommendations to improve standards and introduce codes of practice for Home Office forensic scientists and to call for a similar service for the defence.

The commission will also need to consider whether uncorroborated confession evidence should still be admissible in court. The issue is not as clear-cut as the families of the Tottenham Three claim: a survey by the Crown Prosecution Service in September showed that defence counsel showed that confession evidence was only a small minority of cases, suggesting that it is usually acceptable to defence lawyers. The CPS is against making all unsupported confession evidence inadmissible and is backed in this view by the solicitors' profession and the police.

The issue of pre-trial procedures will also be considered by the commission. There are two obvious alternatives to leaving it all to the police: move towards a continental-style inquisitorial process with examining magistrates charged with discovering the truth; or the Scottish model where the Procurator Fiscal has greater powers than the CPS to supervise the investigation process.

Finally, the commission will consider whether a new system is needed for dealing with suspected miscarriages of justice once they are identified. There is growing support for an independent review body which could investigate alleged miscarriages and recommend action to the courts.

But the Tottenham case has also shifted the focus of the criminal justice system to the shortcomings of the police. Public confidence seems to have been so shaken that it has now become difficult to secure a conviction on police evidence alone. According to Mr Anthony Stevenson QC, chairman of the Bar, the conviction rate has "never been lower."

Significant increases in police powers in recent years have done nothing to halt the inexorable rise in recorded crime, nor to ensure the guilty are convicted.

Detailed proposals on police procedures may emerge from the commission, but they will do little to tackle the problems within the police force itself. The solution proposed by the police federation this week - the setting up of a Royal Commission on the Police - has done nothing to suggest senior police officers view the problem as urgent. Indeed, this suggestion would merely push it into the background.

WOMAN IN THE NEWS

Angela Rumbold

Ideologue
leaves
Sunday
views on
the shelf

By Ralph Atkins

John Major and Mrs Rumbold have struggled to justify their position - not least in the light of charges from people who have been prosecuted for failing to pay the poll tax that there is one rule for the poor and another for big business.

Although self-assured at most times, Mrs Rumbold often becomes flustered under pressure, her schoolmarmish style giving way to a nervous laugh. Her present calm, and her confident performance in the Commons this week, suggest that she genuinely does not feel she is to blame.

What, for example, are the views of her boss Mr Kenneth Baker, the home secretary? "You push me, I don't know," Mrs Rumbold says. "I have never, as it happens, asked him what his view is." And the PM? Mr Major agreed in the Commons this week that the law is "bizarre" and that there has to be a compromise; but he, too, has no known views on the hours shops should be allowed to open.

Such ministerial timidity has

many causes. Fingers have been burnt in the past. The 1986 Shops Bill, which would have deregulated opening hours, was thrown out following a Tory rebellion. Tactical mistakes by Mr Douglas Hurd, the then home secretary, allowed church groups to build momentum behind a highly successful lobbying campaign. Ministers have been humbled. Mrs Rumbold agrees there is an urgent need for fresh legislation but, "there is a lack of will on the part of ministers to be made to look stupid by MPs who refuse to recognise that there has to be some form of compromise."

Part of the problem lies in the internal contradictions of the Tory party, which combines economic liberalism with Protestant ethics. Mrs Rumbold, as well as a free-market ideologue, is a Christian and a believer in the family. She has three children and three grandchildren. "Sunday is special in the sense that it is one day of the week that I feel passionately that I ought to be able to choose what happens to me."



At the same time, says Mrs Rumbold, the 1950 Shops Act has fallen into disrepute. "We have been overtaken quite dramatically by events," she says, adding that action should have been taken in 1986 and 1970s to reflect the growth of Sunday garden centres, DIY stores, the corner shops and video hire.

But until this week, it was not a problem that was top of anyone's agenda, including Mrs Rumbold. In any case, she has other high-profile issues to worry about, including prison reform and opportunities for women. She is not an overly ambitious minister. Nor does she have the air of an MP for whom high office is no burden. She has to work hard, at least partly because the subjects she covers are so diverse and intractable.

On Sunday trading she has this year held more than 20 meetings with the competing, and powerful, lobbies on both sides. Nobody, her officials insist, has been turned away from the Keep Sunday Special campaign to the big retailing bosses. But so far there is little evidence of deals being struck;

retailers say Mrs Rumbold has failed to knock heads together. "There are quite a few retailers who would like her to take a more active role than the current situation where she says 'I have done the rounds' and then holds her hands up in sorrow," said a top executive.

All Mrs Rumbold could offer the Commons was an apparent agreement by all sides that protection for shop workers against exploitation had to be incorporated into any legislation. Otherwise, she said, it was difficult to see where a compromise might lie. "She has got to get the God-squad and B&Q into the same ring. It is not easy," said one ministerial colleague in sympathy.

The trail blazed by Tesco this week in deciding to open on Sundays up to Christmas was not a surprise. In her discussions, big retailers had told Mrs Rumbold that it would be hard if one retailer opened, for others not to follow. She told colleagues, but there was a feeling that the retailers were trying to blackmail the government. "I think one or two people did think it was trying to wield the big stick at the government which is deplorable."

At times of frustration, Mrs Rumbold talks whimsically of setting up her own business, or returning to studying the history of art in which she has a degree. She has a healthy respect for some of the quarter traditions of the Commons and its unsociable hours.

If she were to lose her seat at the general election (her 6,183 majority in the London constituency of Mitcham and Morden is safe but not invincible) or her ministerial post in a reshuffle she would not be devastated. But she does not see Sunday trading as her last political battle. Nor does she feel that the issue will greatly matter come next year's general election.

In the greater scene, in the wider picture of politics as a whole, do you think that Sunday trading is going to be a major issue?" she asks. But until Christmas, at least, it does not look like an issue that will sink quietly away.

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Recession comes to Tinsel Town

Alan Friedman says the film industry is banking on Christmas to lift its spirits

What is wrong with this picture? That is the question Hollywood executives have been turning over in their minds recently, as the moguls of Tinsel Town try to find an answer to the film industry's current malaise.

The mood in Hollywood is unusually sombre, even introspective. Box office receipts were down by more than 20 per cent this autumn over the same period of last year. Operating margins are so slim that one studio chief admitted in private: "We would have made a better return on investment by investing in tax-free Treasury bonds."

Cuts in advertising and a lack of syndication business have reduced the revenues of the studios from television divisions. And scores of actors, directors and writers are either going without work or having to accept lower fees.

Spiralling costs are a central factor in this overall equation: on average the cost of making, releasing and marketing a film has doubled since 1986 to \$38m. Worse still, the spending has, with few exceptions such as Arnold Schwarzenegger's Terminator 2, not produced a comparable rise in earnings. The past year has seen a number of box office disasters, such as TriStar's Hudson Hawk, which cost more than \$50m and took in less than \$17m at the US box office, and Paramount's Frankie and Johnny, which cost \$30m and has lost its way to \$20m.

It all seems like a bad dream to many of the cosseted den-

izens of the film industry, especially to the legions of studio executives who are too young to remember anything but the boom times. But a harsh reality is settling in, like the smog above Beverly Hills: the movie business is not recession-proof.

"There is no question that Hollywood is in a blue funk right now. Box office receipts have been dismal," says Mr Jack Valenti, president of the Motion Picture Association.

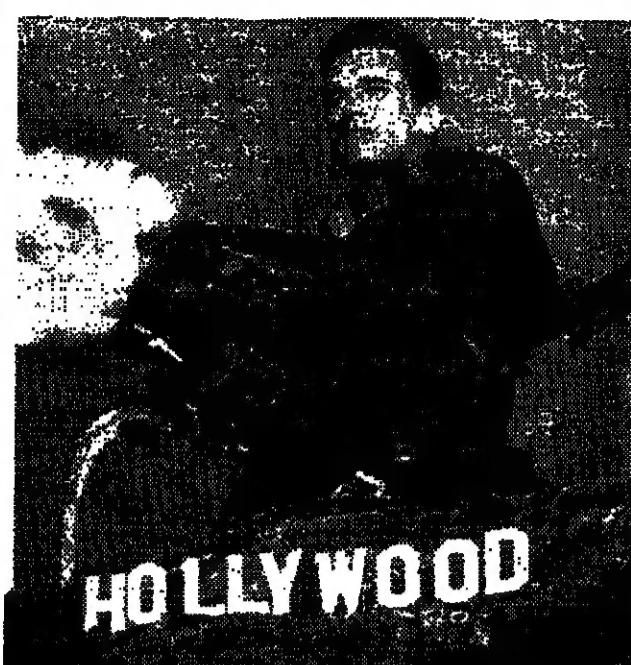
"The costs in the movie business are outrageous and at a time when people are shepherding their dollars because of recession," adds Mr David Geffen, the entertainment mogul who made an estimated \$700m when Japan's Matsushita bought out the entertainment conglomerate MCA-Universal last year.

Yet recession alone does not explain Hollywood's current case of the jitters. The film industry itself has been undergoing structural upheavals since the electronics giants Sony and Matsushita of Japan moved in over the past two years and spent a combined \$18bn buying and funding the Columbia and MCA studios respectively. The industry has in some ways now returned to its 1930s roots, dominated by a

handful of giant studios that make an average of 20 films each a year. Most of the independent film companies have been washed away by debts and a dearth of the easy capital that characterised the 1960s.

This has led to an industry where studio executives have tended to favour what they perceive as safe, mass-market films. The problem is that these homogenised and low-brow movies have been largely rejected by the public. Every studio boss has his own pet theory as to what ails Hollywood, although the heads of the big six studios - Columbia, Warner, Universal, Fox, Paramount and Disney - all agree that the poor quality of "product" - the local shorthand for motion pictures - is the main problem. Epithets such as "lousy" or "cummy" are used by those who rule Hollywood when they describe the majority of recent releases.

Mr Bob Daly, the veteran chairman of Warner Brothers, cites the lack of quality films as the main problem facing the business. But the recession, the runaway costs of actors' fees, and the rising expense of advertising are also to blame, he says. "I believe 75 per cent of the



reason why the industry is down is the poor product, while 25 per cent is the impact of recession on the disposable income of moviegoers."

Not far from Warner's Burbank lot, Mr Tom Pollack, chairman of Matsushita-MCA's Universal Pictures, says the

sluggish US economy is definitely making for "tough times", so he is trying to hold down the average cost of his films to under \$20m, a lowish figure by today's Hollywood standards. Mr Pollack says rising costs, shrinking profit margins and falling revenues are

together the cause of Hollywood's woes, but like Warner's Mr Daly he is also critical about the pictures themselves. "The real worry is whether all the films are going to be so bad that people will stop coming."

In the best tradition of Hollywood sniping, fingers are being pointed at one man for exacerbating the cost problem: Mr Peter Guber, chairman of Sony's Columbia Pictures, is under fire from fellow executives because he has presided over a Japanese-financed spending spree of roughly \$1bn over two years. He counters the criticism by pointing out that he had to rebuild it from scratch. The largest chunk of investment has gone into generating new movies, at Sony's Columbia and TriStar studios, but he has also spent heavily to lure talent and management and to renovate the sprawling Culver City lot.

Mr Guber admits this year has been "very difficult" but hopes Christmas will make up for it. He is sitting on the \$22m Hook, Steven Spielberg's updated story of Peter Pan which stars Dustin Hoffman. Despite the obvious appeal of this "event" film, it will still

need to gross \$120m before the studio breaks even. Mr Guber agrees with his peers, however, that for the first time in years studios are rooting for each other's films on the principle that a solid blockbuster by one could help the others.

Nowhere has the importance of the blockbuster been more apparent than at Mr Rupert Murdoch's Twentieth Century Fox. Last Christmas the success of the film Home Alone helped to boost the studio's earnings a staggering 192 per cent in the 12 months to June 1991. But as with Warner's earnings, the studio's profits are swept up quickly by the debt-laden parent company, in this case News Corporation.

The man credited for the success of Fox is Mr Barry Diller, its chairman. He is known as an outspoken maverick in the industry, unafraid to launch a stinging indictment of some of his colleagues and their spending habits.

"Of course costs are too high," he roars. "Costs are crazy. A film that should cost \$25m may cost \$34m or \$55m or \$62m these days. But the issue is why? And the answer is that this business has reached a new level of corruption. What we

are seeing is the result of years of short-term, cynical behaviour and it has taken its toll." The Fox chairman says the industry is now paying for its own inability to control costs. "You almost have to drop a nuclear bomb these days just to get people to ask what is the idea (for a film) and how do we get there economically. They forget that as a studio head you can say no, you can say 'Honey, it's our money!'"

Like a gambler rolling the dice, the industry is hoping to strike it rich over Christmas. Warner leads this nail-biting six weeks with JFK, a controversial film by Oliver Stone about the Kennedy assassination. The renamed Sony Pictures Entertainment (SPE) is betting on Hook, a Warren Beatty gangster film called Bugsy and a new Barbra Streisand extravaganza called Prince of Tides. Disney, whose latest profits were down by 25 per cent, is banking on a new version of Beauty and the Beast. Fox is pushing a Bettie Midler film called For the Boys. Paramount is praying for success with its latest Star Trek movie, and with The Addams Family, the film version of a ghoulish 1960s television comedy.

There is little evidence, however, of a long-term remedy for the studios, or even that the studio bosses will live up to their own rhetoric and seek genuine economies. "What is really happening," says Mr Diller, "is that everybody is waiting out Christmas and hoping things will improve."

For the Christmas holidays, Mr Richard Branson is offering a £249 return fare from London to New York on his Virgin Atlantic Airways. For £24 more, a businessman can buy a one-way British Airways club-class ticket for the much shorter distance from London to Nice.

Competition has been driving down air fares across the North Atlantic this year, but has so far failed to do so in Europe despite the promise of more open skies from European air transport liberalisation.

In the case of European business travel, the trend, if anything, has been quite the reverse. Airlines are again packed with people on busy routes. In most business-class cabins passengers are jammed like kebabs. They sit three abreast wrestling with a newspaper in one hand and a complimentary drink in the other. Delays caused by congestion continue to bedevil air travel in Europe (on average one of four flights is delayed by more than 15 minutes). Airports, despite smart new lounge facilities, remain hazy on a businessman's stress curve.

This week, the European Commission finally adopted the busi-

ness traveller has not been getting a fair deal. It had been sitting for months on complaints from Britain's Civil Aviation Authority that airlines had increased business-class fares by an unjustified amount on several services to Europe since the introduction of the EC's more liberal air fares regime a year ago. It found that in 40 cases, including 25 involving British Airways, the airlines had raised business-class fares by an amount which was not justified by their operating costs and a reasonable profit margin.

BA says its club-class fares reflect the total costs of providing a premium service.

The Commission, which does not have the power to force fare cuts, has referred the matter to the airlines' respective civil aviation authorities. If these fail to agree to instruct carriers to cut the disputed fares, they will have to be referred to EC transport ministers, who can then order airlines to reduce fares to the Commission's recommendations.

Business air travel blues

Paul Betts on a failure of competition on European routes

BA has already made it clear it does not intend to reduce its club-class fares, claiming they reflect the total costs of providing a premium service. The European Airlines Association, which represents 23 carriers, says it is up to the market to decide on fares.

In theory, the EC's liberalisation policy is designed to create an open, deregulated air transport market in Europe driven by competition and market forces. But the controversy over business-class fares has exposed the difficulty of creating a free market in an industry where the natural instinct is to seek cosy cartel arrangements and which is dominated in Europe by nationalised carriers.

Under the new, supposedly more liberal EC price regime, changes in air fares between two European countries can only be blocked if the governments at both ends object. The old system enabled one govern-

ment to veto any change. Although Britain's CAA objected to a series of fare rises, the other countries allowed higher fares. The problem is compounded by the fact that on many routes, only two airlines compete; they usually set the same fares, and the higher the better.

Sir Michael Bishop, chairman of British Midlands Airways, claims businesses are paying up to 30 per cent too much for their air fares because of insufficient choice. In a report on business air travel in Europe, he shows that business travellers on transatlantic routes are now fairly well off. Passengers travelling from Heathrow to New York, for example, can choose between the regular services of four carriers. By contrast, 12 of the 15 busiest routes from Heathrow to Europe are operated by just two airlines: the national flag carriers of the two countries concerned.

The CAA argues that, in the absence of a truly free market, a degree of fare regulation is essential to ensure airlines do not follow their cartel-forming instincts. This is all the more necessary in a European market dominated by state-owned carriers operating under the protection of their governments.

"You need some regulation if you want to make sure airlines don't charge either artificially high prices or set predatory fares to drive weaker competitors out of a market," a CAA official says. But the current system, whereby fare increases are supposed to reflect airline operating costs, is flawed.

The danger is that it allows inefficient carriers to pass on their higher costs to consumers. European transport ministers are due to decide on another stage of European airline liberalisation next month. If they accept the Commission's proposal, they will allow airlines freedom to fly wherever

they want within the EC from 1993. This should intensify competition, which, the regulators hope, will help contain future fare increases.

But the industry believes governments are bound to dilute the proposals, and that it will take years to break down all national barriers to a single air transport market. Congestion at airports, inadequate air traffic control and the growing concentration of the industry by mergers, acquisitions and other alliances also risk undermining competition by making it hard for smaller carriers to compete.

The current system allows inefficient carriers to pass on their higher costs.

The Commission itself has long been split over the risks and benefits of concentration in the airline industry. The EC competition directorate led by Sir Leon Brittan has been worried that mergers and alliances between large carriers will reduce choice on European air routes and squeeze smaller, more cost efficient airlines out of the

market. But the transport directorate, led by Mr Karel van Miert, has argued that European carriers need to match the size and world market penetration of the big US and Asian airlines if they are to compete successfully in an increasingly deregulated global market.

Supporters of the development of a new breed of so-called "Euro-champion" airlines through partnerships like those now under intense discussion between BA and KLM or Air France and Sabena believe greater concentration will lead to better competition in Europe. They argue that while the overall number of airlines in Europe will decline, the survivors will be stronger and more efficient and this should help reduce fares.

The opponents of concentration take a more cynical view. The new "Eurochampions", they say, will be bigger and stronger to talk on the American and Asian competition. But in so doing they will be tempted to stich up between their European home market, keeping fares high on their European services to bankroll their campaigns on the global market. Flights to New York will become cheaper, but those to Nice even more expensive.

LETTERS

Sunday trading: inconsistency, exploitation and false parallels

From Mr Bill Melly

Sir, In this complex age things are seldom clear-cut but they are when it comes to Sunday trading. Those retail businesses proposing to trade in England and Wales on the Sundays before Christmas are breaking the law and are hence trading illegally. For large public companies to trade in such a fashion is both irresponsible and disgraceful.

The attorney-general ducked the issue and the government's responsibility to uphold the law by passing the buck to local authorities. He should have offered them more support. Central government could and should offer the full support of any law-enforcement actions result from the European Court's eventual ruling.

That the current law is unsatisfactory is irrelevant. That the matter is with the European Court is irrelevant. That competition demands all retailers to break the law if one does is irrelevant. Retailing is highly competitive and the law should also be fair. The retail cake is of finite size. For some to divide it illegally into seven

pieces while others legally keep to six is palpably unfair and should not be allowed to happen. Bill Melly, director, The Oxford Street Association, c/o Selfridges, 400 Oxford Street, London W1.

From A J Ashkan

Sir, I am a lawyer specialising in shopping hours matters. I read with surprise the comments in your leader and your letters column (November 28). Those comments which suggest that retailers are deliberately breaching the criminal law by opening their stores on Sundays, let alone flouting it. This is an issue of Community law rights being protected and not retailers deciding which laws they choose to obey or disobey.

A J Ashkan, Hefford Winstanley and Pugh, 22 Kings Park Road, Southampton

From Mr Stephen P Colloff

Sir, The supermarket groups, Sainsbury's, Argyl and Tesco,

which have declared their intentions to open on the Sundays before Christmas, claim, no doubt, competitive pressure and recession as their motives. Most important, they claim they are responding to customer demand. If this is the case there is very little objective evidence of customer opinion in this matter or of investment in programmes of customer care aimed at mitigating the effects of the recession. Early morning and late evening opening, help with packing goods and carrying them to cars, child-minding, maintaining product ranges, competitive pricing, labelling and product promotion are all lamentably missing. US and European standards of marketing. This cynical exploitation of the weakness of the law is aimed at one goal - to break Sunday trading restrictions. My family will be doing our Christmas food shopping at Waitrose, Marks and Spencer.

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From Mr Stephen P Colloff

Sir, The supermarket groups, Sainsbury's, Argyl and Tesco,

From Mr Jim Hodgkinson

Sir, There is no sensible parallel to be drawn between observance of the Shops Act and shoplifting. Shoplifting is illegal, but it is utterly unclear whether the Shops Act has had any force since the UK acceded to the Treaty of Rome.

My company open legally on Sundays; it sell many goods permitted under the Act and beyond that its best advice received indicates that the Treaty of Rome has superseded the Act.

This question has been important enough for the House of Lords to refer it to the European Court. B & Q employees work voluntarily on Sundays. As supporters of the SHRC we believe Sunday work should be voluntary and specially reimbursed. Jim Hodgkinson, deputy chairman and chief executive, B & Q, Dorchester House, 1 Hampshire Corporate Park, Chandler's Ford, Eastleigh, Hants SO5 5YX

The fine art of comparing educational institutions

From W W Street

Sir, I am surprised that Mr David Brasher should claim (Letters 29/10 November 1991) that a free market in higher education could not operate due to lack of information.

Apart from prospectuses of universities and polytechnics, there is a considerable volume of literature from commercial publishers, all offering advice and information to prospective students. All county careers offices employ specialists who advise on entry to higher education, while many sixth-formers in schools have raised the comparative study of institutions of higher education to the status of a fine art.

Such people are avid readers of the Financial Times annual "league tables" of universities, but (oddly) Michael Dixon has never seen fit to include polytechnics in his analysis.

Government policy on markets in public services is riddled with inconsistencies. Hospitals (we are told) become self-governing trusts and compete in the open market, but universities, which

have always been self-governing trusts competing to attract the best students, are kept under tight central control through the Universities Funding Council.

In recent years, most universities have tried to restrict their rate of expansion, to avoid causing intolerable strains in the facilities provided for students. Most polytechnics have succumbed to pressure from the government and have expanded. As a result, some have treated their students in ways of which they should be ashamed.

Now, through the misuse of financial control, the government is trying to force universities also to grow so quickly that, with the best will in the world, students are bound to suffer. Do ministers think that an increased supply of less well-educated manpower is what the national economy needs? Employers with whom I am in contact emphasise quality rather than quantity.

W W Street, head of careers service, Lancaster University

Finding the roots of subsidiarity

From U F Marx

Sir, Perhaps it is too late to advise all the prospective participants of the Maastricht meeting to read Chapter 6, Book 1, of Alexis de Tocqueville's Democracy in America in order to understand the origin and vital importance of "subsidiarity". Freedom has its roots in the parish (or township) which delegates to the higher echelons - the county, then the state - only those decisions which are beyond its scope. The "union" is quite separate, and competent only to deal with exceptional and closely circumscribed matters of general interest.

It may not be much to the liking of the Brussels bureaucracy, but, as de Tocqueville might have said, tant pis.

U F Marx, 96c Armorial Road, Coventry

Office blocks go up faster than London Underground escalators

From Mr Colin D Lever

Sir, While waiting on the platform at Moorgate station on Thursday I noticed London Underground's new poster (reproduced in a full page advertisement in Wednesday's Financial Times). It tells us that London Underground is aware of everybody's dissatisfaction with it, and that it has now formulated a company plan that will "make sure customers are better served at stations", that there will be "more information" and "swift maintenance."

Twenty feet up the platform is another poster, announcing the commencement, on January 6, of a major overhaul of not one, but two, but three of the escalators at Victoria underground station - one of the principal interchanges and British Rail stations in the city. It is stated that the overhaul will take nine months and that, for this period, London Underground "advise you to avoid entry, leaving, or changing trains at Victoria underground station completely."

A host of questions spring to

mind. One which has always intrigued me is why it takes longer to repair an escalator (at Victoria and elsewhere) than to build an office block.

Colin D Lever, senior partner, Bacon & Woodrow, St Olaf House, London Bridge City, SE1

Why complain?

From Mr Waldemar Januszczak

Sir, William Packer, in his trade against the Turner Prize short-list (November 26) comments: "How refreshing it would have been, had the Turner Prize juries been required to address themselves to the best work of art produced in Britain in the previous year." Since that is exactly what the juries were required to address I do not see what Mr Packer is complaining about.

Waldemar Januszczak, commissioning editor, arts, Channel Four Television, 60 Charlotte Street, London W1

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| Product | Units | Rate | Term | Interest | Minimum | Access and other details |
|------------------------|-----------|-------|------|----------|---------|---|
| Alliance and Leicester | Money Day | 11.25 | 6.44 | Yearly | £25,000 | 10/75/10/30/35/40/45/50/55/60/65/70/75/80/85/90/95/100/105/110/115/120/125/130/135/140/145/150/155/160/165/170/175/180/185/190/195/200/205/210/215/220/225/230/235/240/245/250/255/260/265/270/275/280/285/290/295/300/305/310/315/320/325/330/335/340/345/350/355/360/365/370/375/380/385/390/395/400/405/410/415/420/425/430/435/440/445/450/455/460/465/470/475/480/485/490/495/500/505/510/515/520/525/530/535/540/545/550/555/560/565/570/575/580/585/590/595/600/605/610/615/620/625/630/635/640/645/650/655/660/665/670/675/680/685/690/695/700/705/710/715/720/725/730/735/740/745/750/755/760/765/770/775/780/785/790/795/800/805/810/815/820/825/830/835/840/845/850/855/860/865/870/875/880/885/890/895/900/905/910/915/920/925/930/935/940/945/950/955/960/965/970/975/980/985/990/995/1000/1005/1010/1015/1020/1025/1030/1035/1040/1045/1050/1055/1060/1065/1070/1075/1080/1085/1090/1095/1100/1105/1110/1115/1120/1125/1130/1135/1140/1145/1150/1155/1160/1165/1170/1175/1180/1185/1190/1195/1200/1205/1210/1215/1220/1225/1230/1235/1240/1245/1250/1255/1260/1265/1270/1275/1280/1285/1290/1295/1300/1305/1310/1315/1320/1325/1330/1335/1340/1345/1350/1355/1360/1365/1370/1375/1380/1385/1390/1395/1400/1405/1410/1415/1420/1425/1430/1435/1440/1445/1450/1455/1460/1465/1470/1475/1480/1485/1490/1495/1500/1505/1510/1515/1520/1525/1530/1535/1540/1545/1550/1555/1560/1565/1570/1575/1580/1585/1590/1595/1600/1605/1610/1615/1620/1625/1630/1635/1640/1645/1650/1655/1660/1665/1670/1675/1680/1685/1690/1695/1700/1705/1710/1715/1720/1725/1730/1735/1740/1745/1750/1755/1760/1765/1770/1775/1780/1785/1790/1795/1800/1805/1810/1815/1820/1825/1830/1835/1840/1845/1850/1855/1860/1865/1870/1875/1880/1885/1890/1895/1900/1905/1910/1915/1920/1925/1930/1935/1940/1945/1950/1955/1960/1965/1970/1975/1980/1985/1990/1995/2000/2005/2010/2015/2020/2025/2030/2035/2040/2045/2050/2055/2060/2065/2070/2075/2080/2085/2090/2095/2100/2105/2110/2115/2120/2125/2130/2135/2140/2145/2150/2155/2160/2165/2170/2175/2180/2185/2190/2195/2200/2205/2210/2215/2220/2225/2230/2235/2240/2245/2250/2255/2260/2265/2270/2275/2280/2285/2290/2295/2300/2305/2310/2315/2320/2325/2330/2335/2340/2345/2350/2355/2360/2365/2370/2375/2380/2385/2390/2395/2400/2405/2410/2415/2420/2425/2430/2435/2440/2445/2450/2455/2460/2465/2470/2475/2480/2485/2490/2495/2500/2505/2510/2515/2520/2525/2530/2535/2540/2545/2550/2555/2560/2565/2570/2575/2580/2585/2590/2595/2600/2605/2610/2615/2620/2625/2630/2635/2640/2645/2650/2655/2660/2665/2670/2675/2680/2685/2690/2695/2700/2705/2710/2715/2720/2725/2730/2735/2740/2745/2750/2755/2760/2765/2770/2775/2780/2785/2790/2795/2800/2805/2810/2815/2820/2825/2830/2835/2840/2845/2850/2855/2860/2865/2870/2875/2880/2885/2890/2895/2900/2905/2910/2915/2920/2925/2930/2935/2940/2945/2950/2955/2960/2965/2970/2975/2980/2985/2990/2995/3000/3005/3010/3015/3020/3025/3030/3035/3040/3045/3050/3055/3060/3065/3070/3075/3080/3085/3090/3095/3100/3105/3110/3115/3120/3125/3130/3135/3140/3145/3150/3155/3160/3165/3170/3175/3180/3185/3190/3195/3200/3205/3210/3215/3220/3225/3230/3235/3240/3245/3250/3255/3260/3265/3270/3275/3280/3285/3290/3295/3300/3305/3310/3315/3320/3325/3330/3335/3340/3345/3350/3355/3360/3365/3370/3375/3380/3385/3390/3395/3400/3405/3410/3415/3420/3425/3430/3435/3440/3445/3450/3455/3460/3465/3470/3475/3480/3485/3490/3495/3500/3505/3510/3515/3520/3525/3530/3535/3540/3545/3550/3555/3560/3565/3570/3575/3580/3585/3590/3595/3600/3605/3610/3615/3620/3625/3630/3635/3640/3645/3650/3655/3660/3665/3670/3675/3680/3685/3690/3695/3700/3705/3710/3715/3720/3725/3730/3735/3740/3745/3750/3755/3760/3765/3770/3775/3780/3785/3790/3795/3800/3805/3810/3815/3820/3825/3830/3835/3840/3845/3850/3855/3860/3865/3870/387 |

INTERNATIONAL COMPANIES AND FINANCE

German bank takes stake in Italy's biggest broker

By David Waller in Frankfurt

BERLIN Handels- und Frankfurter Bank, the Frankfurt-based merchant bank, is expanding its European network by taking stakes in Italy's biggest stockbroker and a Dutch merchant bank.

It is buying a "small" shareholding in Pastorino & Partners, an Italian share-and-bond broker based in Genoa and Milan in which Banca del Gottardo is a sizeable shareholder.

BEF is also taking a minority stake in Halder Holdings, an investment company based in the Hague.

These investments were announced yesterday as BEF gave details of a near 16 per cent increase in group partial

operating profits for the 10 months to October, 1991. The figure rose from DM198m (\$122.9m) to DM329m, reflecting what the bank described as a "lively" increase in credit demand and smaller write-offs compared with the same period last year.

Mr Klaus Subietzki, managing partner, said the investment in the Italian operation offered "interesting perspectives", adding that Pastorino employed about 90 people and had a bond and share turnover of DM265m.

The cost of the investment and the size of the stake were not disclosed. BEF has a representative office in Milan already, and is keen

to develop contacts with medium-sized Italian companies, as well as cross-border M&A business between Italy and Germany.

Mr Subietzki said the investment in Halder would help the bank expand its business in corporate investments across Europe.

Reflecting on the outlook for next year, the bank said it anticipated further development of business.

In the 10 months, interest income for the parent company bank rose by just under one-fifth to DM362m, while group income climbed from DM369m to DM440m. Net commission earnings for the group rose from DM302m to DM392m.

Olivetti unveils divisional shake-up

By Robert Graham in Rome and Haig Simonian in Milan

OLIVETTI, the Italian computer and office equipment group, yesterday announced a radical restructuring of its divisions, effective from next week.

The changes mean the virtual disappearance of the partly overlapping divisions for product groups set up in 1989 by Mr Vittorio Casson when he became managing director.

Mr De Benedetti has created a streamlined team flanked by three close aides: Mr Eusebio Pini, Mr Ernesto Mucchi, and Mr Daniele Mosca. They will manage new divisions covering, respectively, operations, diversified activities and public administration.

These largely replace Olivetti Office, Olivetti Systems and Networks (OSN), and the company's technologies group, three of the four autonomous divisions created by Mr Casson.

The fourth, Olivetti Information Services, will be left largely intact.

The company attributed the sweeping changes to the crisis in the world information technology market and the fact that no turnaround was in sight. It said the changes would "enable the company to make" "decisions" "regarding" "the" "structure" "of" "the" "previous" "structure" "would" "be" "retained".

Together, Olivetti Office, responsible for office automation equipment and personal computers, and OSN, which handles more powerful and complex systems, account for around 90 per cent of the group's sales.

The group had earlier seen a half-year loss of L73.7bn (\$60.5m) against profits of L69.9bn during the same period of 1990.

The new structure seems to bypass Mr Vittorio Casson further. The three new divisions will report directly to Mr De Benedetti.

The operations division will be composed of two industrial branches - information technology and office - responsible for the development of products.

The commercial organisation under this division will be divided into five geographical areas: Italy, Europe, central and eastern Europe, Latin America, the US and Australia, and the rest of the world.

The diversified activities division will co-ordinate the group's business plan, manage corporate development, and oversee subsidiaries.

The public administration division will co-ordinate the development of Olivetti's presence in the Italian public sector.

Bérégovoy hints at takeover reform

By William Dawkins in Paris

MR PIERRE Bérégovoy, the French finance minister, has hinted at plans to reform France's two-year-old takeover rules, to give better protection to minority shareholders.

Mr Bérégovoy admitted that he was "concerned" over an increasingly criticised takeover rule which obliges investors who buy more than 33.33 per cent of a company's capital to launch a bid for only two-thirds of the equity.

This comes in the wake of two large bids, by the Agnelli family for Exor, the holding company which controls Source Perrier, and by Pinault, the timber-furniture retailing group, for Au Printemps, owner of the Parisian department store.

In both cases, minority investors and stock market



Pierre Bérégovoy: no consensus on the issue

professionals have criticised the bidders for only offering to buy 66 per cent of the company.

France's system, introduced in autumn 1989, contrasts with the UK rule that an investor buying 30 per cent of a company's shares must bid for 100 per cent. The European Commission has proposed the British model for adoption across the European Community, in its long-drafted draft directive to harmonise takeover law.

"There is no consensus on the issue today, but a change in the regulations cannot be excluded in the months or years to come," said Mr Bérégovoy. The key was to ensure equality between bidders and the defence and to avoid covert changes of control, he said. It was essential, however, to seek a consensus between the CBV and quoted companies before considering any change.

France's stock exchange regulator, the Conseil des Bourses de Valeurs (CBV), will meet on Wednesday to decide whether the terms of the Agnelli-Exor and Pinault-Au Printemps partial bids are acceptable. An action group of minority shareholders in Au Printemps yesterday warned they would take legal action if the CBV did not demand a full bid for the stores group.

Nestlé bids for rest of Vittel

By Ian Rodger in Zurich

NESTLÉ has launched a full bid for the shares of French mineral water company Société Générale des Eaux Minérales de Vittel that it does not already hold.

The Swiss food group has had majority control of Vittel, one of the top four French mineral water brands, since 1986, and now has 52.49 per cent of the company's capital and 56.47 per cent of the voting rights.

A Nestlé official said the bid for the remainder was provoked by the decision of the founding Boulois family to sell their remaining shares, representing approximately 22 per cent of the shares. "It

seemed the decent thing to offer to buy the rest," he said.

It was a pure coincidence that the bid was launched only a day after news that an Italian company controlled by the Agnelli family was trying to take control of Exor, the parent company of Source Perrier.

Nestlé is offering FF963 (\$172.6) a share for the shares traded on the Paris cash market. It does not hold the shares. The shares were quoted yesterday at FF714.

In addition, Nestlé is bidding FF747.50 a share for Vittel shares traded on the over-the-counter market in Nancy. A Vittel executive said there

were 245,000 such shares in circulation.

Vittel accounts for more than 50 per cent of the mineral water sold in French restaurants and bars, the executive said. The company reported turnover of FF22.06bn and net attributable profits of FF1.19bn (\$21.6m) for 1990.

Other than its main business of bottled mineral water, it owns some soft drinks brands, including the Badoit brand, and some beauty products.

It also owns hotels, sporting facilities and the casino in the town of Vittel in northeastern France.

BAT defends Australian interest

By Mark Westfield in Sydney

BAT INDUSTRIES has said it will not sell its 67 per cent controlling stake in Australian cigarette-maker, W.D. & H.O. Wills Holdings, over corporate raider Brierley Investments Limited (BIL) revealed it had bought 6.7 per cent.

The UK conglomerate has announced a management shake-up, with changes to the board of Wills, a day after BIL declared its bid.

Wills has performed poorly since it was split from Coca Cola Amatil, the drinks, snack foods and tobacco group, in 1989.

Its shares jumped 11 cents on Thursday on the news of BIL's appearance in the register, but retreated the same

amount to A\$2.10 yesterday when BAT said it was not the seller.

BIL has said it expected to be a "catalyst" in Wills ahead of the inevitable shake-up of the Australian tobacco industry, characterised by intense competition between Wills and its larger rivals, Rothmans Holdings and Philip Morris.

Mr Barry Bramley, BAT chairman, announced yesterday the appointment of Mr Tony Johnston from BAT in the UK as the new Wills chief executive when incumbent Mr Gordon Watson retires next month.

Mr Bramley said the appointment of Mr Johnston demonstrated BAT's commitment to

Wills. Mr Johnston has been chief executive of BAT's carbonless paper subsidiary in Europe, Arjo Wiggins Teape.

Wills finance director Mr John is due to take up a position with BAT in the UK and will be replaced by Mr Peter Brooks, finance director with BAT's Malaysian subsidiary.

Wills spokesman, Mr George Symmes, said BAT had demonstrated its support by investing in the group offices, equipment and staff.

"I believe we're here for the long haul," he said. Wills was slowly regaining market share it had lost to its rivals during this year with a new 15-cigarette pack, he said.

SA Brewing warns on proposed US acquisition

By Kevin Brown in Sydney

SA BREWING, the Adelaide brewing and industrial group, yesterday said it would abandon its proposed acquisition of Mor-Flo Industries, a US water-heater maker, unless Washington gave regulatory approval quickly.

SA Brewing announced the US\$31.6m acquisition in May with a timetable for completion in August. However, the acquisition has been delayed by the US Justice Department, which is considering the deal.

Mr Ross Wilson, chief executive, said SA Brewing was "frustrated" by the delay, and would abandon the deal unless regulatory approval was given before the end of December.

"We made a very good offer for the shares, and it makes common sense for us to go ahead, from the point of view of our company, from the point of view of the Mor-Flo shareholders, and also from the point of view of the US consumer," he said.

The acquisition of Mor-Flo, of Ohio, would give SA Brewing 90 per cent of the US water-heater market, which accounts for 7.6m units a year. The group bought Bradford-White Corporation of Michigan in 1986.

Earlier, Mr Rick Allert, chairman, told the annual meeting that SA Brewing's first-quarter net profits would be higher than last year, but warned that economic recovery in Australia was months away.

SA Brewing reported a 15 per cent increase in net profits to A\$101m (US\$79.5m) for the year to the end of June. It has since launched a cost-cutting campaign.

Alcatel makes offer to German unit's investors

ALCATEL Alsthom, the French telecommunications, electronics, and transportation conglomerate, is offering shareholders of its German SEL subsidiary the chance to exchange their shares for those of the parent company, plus a cash payment, or simply a cash payment, AP-DF reports.

Alcatel said it would offer two Alcatel Alsthom shares plus DM130 in cash, or DM435, for each SEL share.

The Alcatel Alsthom group already owns 86 per cent of the SEL subsidiary.

It said the move followed a trend within the company for units to co-operate on commercial and technological matters, spurred by a rise in research and development costs and the need to prepare for the liberalisation of European communications markets.

It described the operation as "representing the financial aspect of greater co-operation among the group's companies".

Downturn in profits at Toronto-Dominion Bank

By Robert Gibbons in Montreal

TORONTO-DOMINION Bank, Canada's fifth largest, recorded lower earnings for the fourth quarter and fiscal year ended October 31, after making higher loan loss provisions.

But the sixth largest, National Bank of Canada, managed to lift earnings. Retail business, fee income and brokerage operations were strong, while loan loss provisions were up modestly.

Toronto-Dominion posted a fourth-quarter profit of C\$120.7m (US\$107m) or 37 cents a share, compared with C\$125.2m or 37 cents a year earlier.

The loan loss provision was C\$125m against C\$107m last time.

Profit for the year amounted to C\$497.4m or C\$1.61 a share, down from C\$565.8m or C\$1.80 a year earlier.

The loan loss provision was C\$465m against C\$363m.

Total assets at October 31 were C\$89bn against C\$87bn a year earlier.

The results were in line with most analysts' predictions.

National Bank of Canada's fourth-quarter profit was C\$41.5m or 26 cents a share, up from C\$37.2m or 24 cents a year earlier. The bank said the gain came partly from lower interest rates.

For fiscal 1991, profit totalled C\$168m or C\$1.20 a share, up from C\$170.3m or C\$1.12 a year earlier.

Return on average assets was 0.51 per cent against 0.47 per cent. The loan loss provision was C\$270m against C\$248m.

Third World loans were C\$908m, down sharply because of secondary market sales.

Total assets at October 31 amounted to C\$86.5bn, an increase of C\$600m from a year earlier.

Sabena wins interim BFr3bn loan

By Andrew Hill in Brussels

SABENA, Belgium's ailing state-owned airline, has been awarded a BFr3bn (€200m) loan to tide it over until the government can decide whether to allow a link-up with Air France.

Agreement with Air France should be a formality, but had to be put on ice when Belgium's centre-left government collapsed last month.

The weekend's general election, in which all partners in the last government saw losses, has left Belgian politics in confusion. It could be weeks or even months before a new coalition is formed.

To support Sabena during that period, the caretaker government yesterday approved a bridging loan, as promised earlier in the month by Mr Jean-Luc Dehaene, the communications minister.

Cash talks fail at Dutch drugs group

By Andrew Hill in Brussels

MEDICOPHARMA, the troubled Dutch pharmaceuticals wholesaler, said yesterday that plans for a BFr3bn (€200m) loan to tide it over until the government can decide whether to allow a link-up with Air France.

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WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change year on week | High 1991 | Low 1991 |
|------------------------|---------------|---------------------|-----------|----------|
| Gold per troy oz. | \$368.25 | -2.1 | \$364.75 | \$362.25 |
| Silver per troy oz. | \$230.80 | -0.35 | \$210.85 | \$200.55 |
| Aluminium 99.7% (cash) | \$1106 | -5.5 | \$1150 | \$1088.5 |
| Copper Grade A (cash) | \$1812.5 | -4.5 | \$1872 | \$1747 |
| Lead (cash) | \$232 | +1.5 | \$238.5 | \$228.5 |
| Nickel (cash) | \$7150 | +40 | \$6573 | \$6227.5 |
| Zinc SHG (cash) | \$1208 | +28 | \$1238.5 | \$11430 |
| Tin (cash) | \$24540 | +55 | \$24540 | \$24540 |
| Cocoa Futures (Mar) | \$763 | +4 | \$730 | \$698 |
| Sugar (LDF Feb 82) | \$219 | +21 | \$227.5 | \$219 |
| Barley Futures (Mar) | \$122.95 | +1.10 | \$120.45 | \$122.95 |
| Wheat Futures (Mar) | \$128.50 | +1.30 | \$124.20 | \$121.10 |
| Cotton (old) Index | \$64.42 | +0.05 | \$64.42 | \$64.42 |
| Wool (4th Super) | \$370 | -1.0 | \$409 | \$419 |
| Oil (Brent Blend) | \$20.25x | +0.005 | \$20.25 | \$18.75 |

London Markets

| SPOT MARKETS | Latest prices | Change year on week | High 1991 | Low 1991 |
|----------------------------|---------------|---------------------|-----------|----------|
| Crude oil (per barrel FOB) | \$17.15-17.25 | +0.05 | \$17.15 | \$16.50 |
| Dubai | \$17.15-17.25 | +0.05 | \$17.15 | \$16.50 |
| Brent Blend (diesel) | \$18.00-18.10 | +0.05 | \$18.00 | \$17.50 |
| Brent Blend (LHV) | \$18.00-18.10 | +0.05 | \$18.00 | \$17.50 |
| W.T.I. (1 pm set) | \$17.15-17.25 | +0.05 | \$17.15 | \$16.50 |

| Oil products | Latest prices | Change year on week | High 1991 | Low 1991 |
|-----------------------------------|---------------|---------------------|-----------|----------|
| HEW prompt delivery per tonne CIF | \$18.00 | +0.50 | \$18.00 | \$17.50 |
| Prudhoe Gasoline | \$225-227 | -1.5 | \$225 | \$220 |
| Gas Oil | \$225-227 | -1.5 | \$225 | \$220 |
| Heavy Fuel Oil | \$225-227 | -1.5 | \$225 | \$220 |
| Naphtha | \$180-201 | -3 | \$180 | \$175 |
| Petroleum Argon Estimates | | | | |
| Other | | | | |
| Gold (per troy oz.) | \$368.25 | +0.20 | \$368.25 | \$362.25 |
| Silver (per troy oz.) | \$230.80 | -0.35 | \$230.80 | \$200.55 |
| Platinum (per troy oz.) | \$500.00 | -0.75 | \$500.00 | \$480.00 |
| Palladium (per troy oz.) | \$337.50 | -1.1 | \$337.50 | \$320.00 |
| Copper (US Producer) | \$108.50 | -0.55 | \$108.50 | \$100.00 |
| Lead (US Producer) | \$71.00 | +0.05 | \$71.00 | \$65.00 |
| The London Copper market | \$108.50 | +0.05 | \$108.50 | \$100.00 |
| Zinc (US Producer) | \$120.00 | +0.05 | \$120.00 | \$110.00 |
| Quota (per weight) | \$104.00 | -0.20 | \$104.00 | \$100.00 |
| Shore (per weight) | \$104.00 | -0.20 | \$104.00 | \$100.00 |
| Time (per weight) | \$104.00 | -0.20 | \$104.00 | \$100.00 |
| London daily export (raw) | \$227.50 | +1.0 | \$227.50 | \$220.00 |
| London daily export (refined) | \$227.50 | +1.0 | \$227.50 | \$220.00 |
| London daily export (refined) | \$227.50 | +1.0 | \$227.50 | \$220.00 |
| Barley (US No. 2) | \$122.95 | +1.10 | \$122.95 | \$120.00 |
| Wheat (US No. 2) | \$128.50 | +1.30 | \$128.50 | \$125.00 |
| Wheat (US No. 2) | \$128.50 | +1.30 | \$128.50 | \$125.00 |
| Rubber (Latex) | \$1.250 | +0.25 | \$1.250 | \$1.000 |
| Rubber (Latex) | \$1.250 | +0.25 | \$1.250 | \$1.000 |
| Rubber (Latex) | \$1.250 | +0.25 | \$1.250 | \$1.000 |

| COCAINE - London POKE | Latest prices | Change year on week | High 1991 | Low 1991 |
|-----------------------|---------------|---------------------|-----------|----------|
| Dec 718 | 722 | 720 | 716 | |
| Mar 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |

| COCAINE - London POKE | Latest prices | Change year on week | High 1991 | Low 1991 |
|-----------------------|---------------|---------------------|-----------|----------|
| Dec 718 | 722 | 720 | 716 | |
| Mar 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |

| COCAINE - London POKE | Latest prices | Change year on week | High 1991 | Low 1991 |
|-----------------------|---------------|---------------------|-----------|----------|
| Dec 718 | 722 | 720 | 716 | |
| Mar 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |

| COCAINE - London POKE | Latest prices | Change year on week | High 1991 | Low 1991 |
|-----------------------|---------------|---------------------|-----------|----------|
| Dec 718 | 722 | 720 | 716 | |
| Mar 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |

| COCAINE - London POKE | Latest prices | Change year on week | High 1991 | Low 1991 |
|-----------------------|---------------|---------------------|-----------|----------|
| Dec 718 | 722 | 720 | 716 | |
| Mar 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |

| COCAINE - London POKE | Latest prices | Change year on week | High 1991 | Low 1991 |
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| Dec 718 | 722 | 720 | 716 | |
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| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |
| May 718 | 722 | 720 | 716 | |
| Aug 718 | 722 | 720 | 716 | |
| Nov 718 | 722 | 720 | 716 | |
| Feb 718 | 722 | 720 | 716 | |

| loss supplied by Amalgamated Metal Trading) | | |
|---|------------|---------------|
| AM Official | Kerb close | Open Interest |
| Total daily turnover 12,181 lots | | |
| 1102-2.6 | | |
| 1126-6.4 | 1131.5-32 | 189,695 lots |
| Total daily turnover 42,430 lots | | |
| | | |
| 1315-7 | | |
| 1307-8 | 1301-2 | 112,695 lots |
| Total daily turnover 7,630 lots | | |
| | | |
| 209-0 | | |
| 203-0.5 | 201.5-2 | 15,102 lots |
| Total daily turnover 1,916 lots | | |
| | | |
| 7138-40 | | |
| 7166-70 | 7180-60 | 19,393 lots |
| Total daily turnover 1,116 lots | | |
| | | |
| 5470-50 | | |

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with
from last Thursday's Exchange Official and should
not be reproduced without permission.
Details relate to securities included in FT Share

Unless otherwise indicated prices are in pence. The prices are
those at which the business was done in the 24 hours up to 5 pm on
Thursday and settled through the Exchange's settlement system,
they are not in order of execution but in ascending order which denotes
the day's highest and lowest dealings.

For those securities in which no business was recorded in Thurs-
day's List, the recorded prices are in the four previous
days is given with the date.

Rule 100 stocks are regulated by the International Stock
Exchange of the United Kingdom and the Republic of Ireland Ltd.
Bargains at special prices. Bargains denote the previous day.

British Funds

Included 1028

Guaranteed Export Finance Corp PLC

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Starting Issues by Overseas

Borrowers

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LONDON STOCK EXCHANGE

Early falls reduced in nervous trade

By Terry Byland, UK Stock Market Editor

STADIER trends in sterling and in New York equities as Wall Street returned from the Thanksgiving Day holiday helped London recover from a weak start yesterday. However, investment confidence in the UK was badly shaken by highly negative comments on business prospects by Y.J. Lovell, the housebuilding group, as it entered into negotiations with bankers and said it would omit its dividend payment.

The building and construction sector collapsed following the depressing statement from Lovell which cast a threatening cloud over the stock market's hopes that the recession is, at least, bottoming out. Losses among leading construction stocks ranged to nearly 20 per cent and property

| Account Dealing Dates | | |
|-----------------------|--------|--------|
| First Dealing | Nov 21 | Nov 26 |
| Options Settlement | Nov 21 | Nov 26 |
| Second Dealing | Nov 22 | Nov 27 |
| Account Day | Nov 22 | Nov 27 |
| Third Dealing | Nov 23 | Nov 28 |
| Options Settlement | Nov 23 | Nov 28 |
| Fourth Dealing | Nov 24 | Nov 29 |
| Account Day | Nov 24 | Nov 29 |
| Fifth Dealing | Nov 25 | Nov 30 |
| Options Settlement | Nov 25 | Nov 30 |
| Sixth Dealing | Nov 26 | Dec 1 |
| Account Day | Nov 26 | Dec 1 |

development groups also came under pressure. The effects on the market of the building collapse was cushioned to some degree because many of the smaller construction issues were not constituents of the FT-SE 100 list.

The final reading of 2,406.2 on the FT-SE Index showed a net fall on the day of only 8.4 points. But early in the session, the Footsie had been 23

down at 2,405.6, challenging another important testing level. While there was a levelled recovery, the index bounced from the day's low point, sentiment remained nervous. The final minutes saw another heavy trading programme.

The Footsie has fallen by 24.1, or 1 per cent, this week and is now challenging levels last seen five months ago. Moreover, some equity chart specialists predict that the UK market has further to fall.

At a chart seminar held at Hoare Govett yesterday, Mr Richard Lake predicted 2,400 as a short-term Footsie target, with 2,250 possible over the next few months. Some other forecasters, also basing their views purely on chart technical factors, saw the market fall-

ing to FT-SE 2,200.

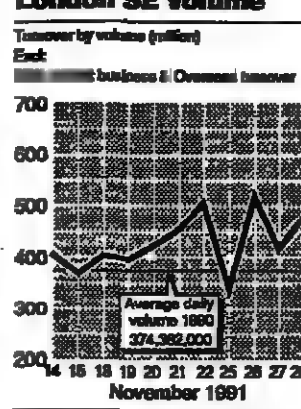
The early part of the trading session was unsettled by heavy trading in the November dated traded share option contracts. A sell programme in equities also appeared on the trading screen.

Once again, some large lots of stock were on offer and there were no buyers to take them up. Shares prices fell sharply at mid-morning but trading activity then died away as London waited for Wall Street to open.

With sterling firmer against the D-mark, government bonds improved at first, although they lost heart later to close with gains of only about 1/4. While sterling worries have subsided, hopes for an early cut in base rates have also disappeared.

Volume in retail, or customer-originated, business in equities has been erratic this week but above last year's daily average levels.

London SE volume



| FINANCIAL TIMES STOCK INDICES | | | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Nov 29 | Nov 28 | Nov 27 | Nov 26 | Nov 25 | Nov 24 | Nov 23 | Nov 22 | Nov 21 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |
| FT-100 | 2406.2 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 | 2414.8 |

| GILT EDGED ACTIVITY | | | | | | | | | |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Nov 29 | Nov 28 | Nov 27 | Nov 26 | Nov 25 | Nov 24 | Nov 23 | Nov 22 | Nov 21 |
| Gilt Edged | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 |
| Bargains | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 |
| 5-Day average | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 |
| SE Activity | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 |
| Excluding inter-market | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 |
| business | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 |
| Share index | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 | 88.2 |
| Tel. | 123001 | 123001 | 123001 | 123001 | 123001 | 123001 | 123001 | 123001 | 123001 |

Building sector plunges

A semi-panic developed in the building areas of the market after J.Y. Lovell, the Buckinghamshire-based construction group, sent its share price spiralling downwards by revealing it is negotiating with its bankers and will pass its final dividend.

The group was scheduled to announce preliminary figures on December 16. Lovell said it expected to be in breach of certain of its banking covenants when its year-end figures are finalised, citing deteriorating conditions in the UK and US housing and property markets. Lovell shares immediately plummeted with market-makers leap-frogging each other as the stock price collapsed. At worst they were sold at 23p, eventually closing a massive 84 lower at 32p. The speed with which the shares were marked down could not prevent turnover expanding rapidly to 1.5m.

In April this year, Lovell launched a 300m rights issue at 130p a share. In June Taylor Woodrow, construction group, launched a 100m rights issue at 100p a share. Lovell's share price increased its stake to around 4 per cent. In 1990 Lovell was unsuccessful in an attempt to acquire another construction group, Higgs & Hill.

The Lovell news caused tremors throughout an already nervous building sector. Higgs & Hill slumped 34 to 101p, Constrain 8 more to 54p and John Mowlem 17 to 47p. Wimpey lost 12 to 135p. Taylor Woodrow dipped 8 to 144p.

ICI upgraded

A change of mind on ICI from one securities house was the spark for a rally in the stock, published a note advising clients to buy and raised its forecast for 1992 profits by 25m to 21m.

Mr Alastair Nisbet, the ICI analyst who re-evaluated ICI said his optimism was prompted by internal rather than external factors.

He believes that Hanson's acquisition of a significant stake in ICI earlier this year was sufficient to galvanise the company. "Lord Hanson, as a

shareholder, has encouraged ICI to implement its rationalisation programme quickly and provides a support level for the shares at 119p, the price he paid in May."

Not all observers are so enthusiastic. Mr Richard Lake, the chartist at Hoare Govett, told institutional investors yesterday that he saw ICI as a finding support at 1100p. Hanson, hit by a forecast cut from Smith New Court on Thursday, firmed in at closing price of 189p.

Fortes setback

Fortes fell back 1/4 to 107p after a further three brokers downgraded its shares. The company's example earlier in the year and revised 1991 forecasts for the hotel and restaurant group down. Despite a number of meetings up to late on Thursday night with worried Fortes executives, analysts heard little to change their minds over the group's exposure to the downturn in the hotel business - which contributes almost two-thirds of group profits.

Hoare Govett cut its profit forecast for this year by 17m to 27m, and wiped 540m from next year's at 216m. UBS Phillips and Drew slashed its current year forecast by 23m to 27m, and by 240m to 215m for next year.

NEW HIGHS AND LOWS FOR 1991

| NEW HIGHS | | NEW LOWS | |
|-----------------|-------|-----------------|-------|
| Company | Price | Company | Price |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |

| RISES AND FALLS YESTERDAY | | On the week | |
|---------------------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |

| COMMODITIES | | On the week | |
|-----------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |

| WEEK IN THE MARKETS | | On the week | |
|---------------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |

| Zinc market resumes upsurge | | On the week | |
|-----------------------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
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| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |

| COMMODITIES | | On the week | |
|-----------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
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| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |

| WEEK IN THE MARKETS | | On the week | |
|---------------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |

| Zinc market resumes upsurge | | On the week | |
|-----------------------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |

| COMMODITIES | | On the week | |
|-----------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
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| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |
| British Airways | 1,011 | British Airways | 1,011 |

| WEEK IN THE MARKETS | | On the week | |
|---------------------|-----------|-----------------|-------------|
| | On Friday | | On the week |
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| WEEK IN THE MARKETS | | On the week | |
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WORLD STOCK MARKETS

AMERICA

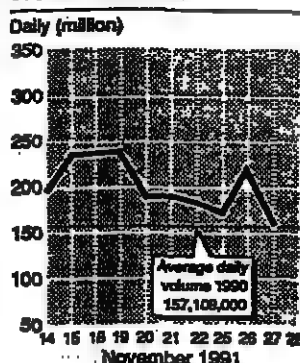
Dow eases in quiet trading before weekend

Wall Street

SHARES Wall Street slumbered yesterday morning, with many players extending Thursday's Thanksgiving holiday by staying at home for a second day, writes Karen Zagor in New York.

At 1 p.m., the Dow Jones Industrial Average was 4.47 lower at 2,855.57 in volume on only 47.4m shares. The Standard & Poor's 500 also fell, losing 1.23 to 375.32, and the New York Stock Exchange composite slipped 0.53 to 207.89. On the big board, declining issues led those advancing by a ratio of

NYSE volume



nine to 11. On Wednesday, the Dow closed at 2,855.57, down 4.47 from 2,860.04. The market was closed on Thursday.

The Treasury market was similarly quiet. Overseas buyers gave some strength to the long bond, which rose 1/8 to 115 1/8 at midsession. The volume was extremely thin.

There was a dearth of market-moving corporate news, reinforcing the quiet market lethargy. Among the few reasonably active issues, Smith-Kline Beecham eased 1/8 to 89 1/8 on reports that development of its anti-cancer medicine had been halted because it caused cancer in mice.

Oil led 1/8 to 4 1/4 on an offering of 2.4m preferred shares. The passage of a bill in Congress giving \$15bn to a six-year highway and mass transit

plan breathed life into shares of machinery manufacturers. Caterpillar rose 1 1/4 to 41 1/4 and Ingersoll-Rand added 3/4 to \$44.

In over-the-counter trading, CMI Corp., which makes paving equipment and other heavy machinery, jumped 3/4 to \$2.

Philip Morris continued its downward journey, easing 3/4 to \$67 1/4. The issue dropped \$1 1/2 on Wednesday after the company said it would take a \$1bn non-cash charge for an accounting change and an additional \$275m charge for restructuring.

IBM continued to exert its negative influence on the market, falling 1 1/4 to \$92 1/4. The issue dropped 3/4 on Wednesday after several analysts cut their ratings and profits forecasts for the computer group.

Secondary issues held up better than primary stocks. The Nasdaq composite rose 0.11 to 322.89 at midsession. Among active Nasdaq issues, Liposome Technologies rose 1 1/4 to \$17 1/4 and Noble Drilling rose 1/2 to \$3 1/4.

Schlumberger rose 1/4 to \$63 after climbing \$3 1/4 on Wednesday when the company announced litigation with ENI.

Canada

TORONTO STOCKS turned higher at midday, although trading remained quiet. The composite index rose 1/4 to 3,443.1. Advancing issues outpaced declines by 243 to 168 in volume of 11.4m shares valued at C\$120.8m.

Among active issues, Toronto-Dominion Bank eased 3/4 to C\$17 1/4. RANGER Oil was flat at C\$9 1/4. Computing slipped 10 cents to 90 cents and Canadian Tire fell C\$4 to C\$21 1/4.

SOUTH AFRICA

JOHANNESBURG was mixed to higher. The overall share index rose 10 to 3,542, thanks to a 12-point rise in the industrial index to 4,230, but the all-gold eased 3 to 2,333. De Beers added 25 to R24.50 while V&L Reefs fell R2 to R24.10.

Basle inflation dampens Swiss hopes of early rally

Corporate results and downgradings of forecasts have also been a burden on Zurich, writes Ian Rodger

A BOLT from Basle on Friday hit the Swiss stock market. In the form of an announcement of a resurgent inflation rate in the city - has dampened hopes in some quarters of an early rally in the Swiss stock market.

Uncharacteristically high inflation and interest rates have preoccupied investors in equities for most of the past two years. But hopes were growing in the early autumn that July's 6.6 per cent rise in consumer prices was a peak and that the rate would drop quite rapidly, bringing short-term interest rates with it.

Inflation figures in Basle and some other places are closely watched as early indicators of the national figure, which is published later. The November figure for Basle was an unexpected 5.9 per cent, and early this week Geneva chimed in with 5.8 per cent.

The Swiss stock market had already tumbled last week, first because of the nervousness radiating from Wall Street to all world markets and then in response to a disappointing third quarter report from the

leading capital goods group, Asea Brown Boveri (ABB). So the bad news on inflation did little more than make already leery investors choose to sit on their hands.

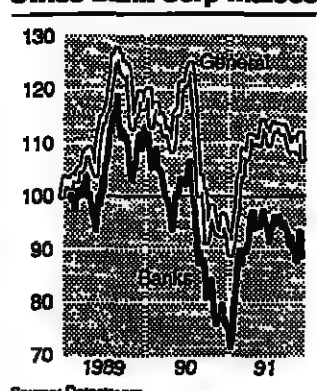
The all-share SPI index eased another 1.1 points to 1,040.2, while the SMI index of leading shares gave up 0.3 to 1,222.6.

There was little in any shares other than capital goods shares, and they were moving decisively lower as analysts revised downwards their earnings forecasts for several big names, including Georg Fischer, Schindler, Sulzer and Von Roll.

The dramatic fall was that of the bearer shares of Brown Boveri (BBG). The company's shares had been highly popular since four years ago, but analysts were deeply disappointed by BBG's third quarter statement published 10 days ago, indicating a slump in sales and no sign of the much hoped for recovery in the US.

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Swiss Bank Corp indices



the group's earlier positive statement about next year. "A lot of people thought ABB could do no more, how there is a fundamental reassessment of what it can do," says Mr Jonathan Spink of Williams & Birie, the broker.

Since November 18, the day before the company's announcement, the shares have lost 14 per cent of their value, tumbling from SF3,210 yesterday to SF3,210 yesterday.

This was a sharp contrast to

prominent engineering group, have slumped from SF990 to SF850 over the same period, while those of Schindler, the second largest lifts group, dropped from SF3,650 to SF3,300.

Against this, it is difficult to find any recent outstanding winners in the Swiss list. Even long-time growth favourites, such as Nestlé and Roche, have been dull. Nestlé, for example, was SF8,340 yesterday, down SF140 from its level a week ago.

In spite of the bad news from Basle and Geneva, analysts are still pinning their hopes of a rally in the market on a decline in interest rates in the near future. Many believe that the November inflation rise is just a spike, reflecting mainly the implementation of indexed rent increases, and they think that the downward trend of August through October will reassert itself, clearing the way for an easing of monetary policy next year.

"We have an interest rate situation similar to that in the US a few months ago," says Mr

Silvan Trachler, head of broker research at Union Bank of Switzerland. As in the US, Mr Trachler argues, rates could fall quite quickly, with more potential in the short end than on long-term rates. "Given the refinancing structure of most banks, they will benefit from short-term declines."

Mr Nigel Spence of Baring Securities goes further, arguing that the factors that have kept bank shares down are finally disappearing. These include high interest rates, low volume and excessive competition in the stock brokerage, and rising operating costs. "Now is the time to buy [bank shares] for the reversal of these trends," he says.

One point out that the big bank shares have not substantially early in year in anticipation of a strong recovery in earnings that the banks have been enjoying. Even though profits may well again next year, investor sentiment could be soured by a continuing stream of worrying news on bad loans,

one Zurich dealer says. This is likely to persist, not only the spectacular level of, for example, Bank Corporation's problems with the Maxwell group, but also the mundane level of mortgage defaults and other property-related collapses in Switzerland itself.

UBS and Bank are the most popular of the bank shares among analysts these days. Although in CS Holding are cautious, partly because of fears of more portfolio write-offs at First Boston, its US investment banking arm, and partly because of the pressure on its Credit Suisse subsidiary to raise new capital in the near future.

Among the insurance companies, Mr Trachler prefers Winterthur. Zurich Insurance has the better position of the two in the protected Swiss market, while Zurich Insurance has a much greater exposure to the still anemic US market.

But, as Mr Trachler says, for several months, much depends on inflation news coming down to normal levels by year-end standards.

EUROPE

Soviet debt worries prompt active selling in Frankfurt

CONCERN ABOUT the Soviet Union undermined yesterday, while continued weakness in Norsk Hydro pushed Oslo to its lowest level since February 1989, writes Our Markets Staff.

FRANKFURT fell in nervous trading as Soviet insolvency news prompted panic selling by domestic and foreign institutions. Deutsche said, however, that yesterday's price falls were exaggerated and did not reflect the fact that German banks had made adequate provisions for their Soviet loans.

Deutsche believed that "bear raiders" were taking advantage of the nervousness to make a quick profit. But the market was an overdue correction after Wall Street's drop two weeks ago. The DAX index fell 1.24 to 1,666.57, down 0.1 per cent on the week. The Frankfurt composite slipped 0.11 to 1,666.57, down 0.1 per cent on the week. Volume rose to DM5.2bn from DM3.5bn.

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The banking sector was hard hit, with Deutsche dropping DM10.50 to DM665 and Dresdner falling DM13.50 to DM1,000. But BEF bank was steady at DM100, supported by good 10-month results.

Norsk Hydro fell 1.50 to Nkr130 on worries over its metals business and earnings outlook, a fall of 10.5 per cent on the week. A few shares stood out. A few shares stood out. A few shares stood out.

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ASIA PACIFIC

Nikkei falls again on index-linked trading

Tokyo

SHARE PRICES fell back in the afternoon in index-linked trading dominated by arbitrageurs, after a blue-chip led rise in the morning, writes Erika Terazono in Tokyo.

The Nikkei average closed 1.57 lower at 22,877.35, down 1.5 per cent on the week. The index hit a day's high in the morning of 22,955.07 on small-cap buying, but declined to a low of 22,538.33 in the afternoon as futures prices fell.

Volume rose to 250m shares from 220m, but institutional investors remained on the sidelines. Losses led gains by 618 to 285, with 194 issues unchanged. The Toxix index of all first section stocks fell 2.68 to 1,731.30 and, in London trading, the KSE/Nikkei index fell 1.17 to 1,285.48.

Bargain-hunting by foreign investors supported high-technology stocks. Traders were encouraged by the early rise in Hitachi, a benchmark for blue chip issues, but it failed to attract interest from domestic institutions.

Some domestic investors are reluctant to invest in funds

the stock market for three reasons: the lack of buying support at the important level of 22,000; the weak interim profit results announced by companies recently; and the expiry of December futures contracts in mid-December.

"I personally think that price levels are cheap, but it's hard to get a client to buy the current market," said a trader at Dai-ichi Mutual Life Insurance.

Further postponements of planned listings also depressed sentiment. Two regional banks said that public offerings of new shares had been cancelled.

Nikkei Securities said that it had cancelled all planned new listings.

Hitachi Medical, which did not trade on Thursday, the first day of its second section listing, closed yesterday at ¥5,400, 2.2 per cent lower than its public subscription price of ¥5,584.

High-technology stocks were mixed. Hitachi Y10 to Y150 rose 1.50 to ¥1,150 on foreign buying. However, more highly priced issues fell, with Sony down ¥20 to ¥4,200 and TDK Y10 to ¥4,620. Speculative issues fell on

individual selling. Aids-related issues led ground in active trading. Meiji Milk Products, which announced an Aids case last month, lost ¥110 to ¥1,030 and Okamoto, the prophylactic maker, fell ¥80 to ¥1,110.

In Osaka, the OSE average lost 1.17 to 1,110.1.

Roundup

WALL STREET'S absence overnight and an easier tone in Tokyo provided little direction for the Pacific Rim.

AUSTRALIA recovered from a minor dip to end steady. The All Ordinaries index closed 1.1 up at 1,805.7, down 2.3 per cent on the week. The index was supported by month-end options activity, but an ASX portfolio trade via GFI Minnett in Australia stock.

NEW ZEALAND recovered most of its morning loss. The NZSE-40, which had fallen to 1,475.31, ended 1.25 down at 1,483.70, a low of 1.4 per cent on the week. Turnover rose to NZ\$13.8m from NZ\$15.6m.

HONG KONG's midday gains

were ended by late position-squaring. The Hang Seng index fell 1.17 to 4,149.80, down 2.2 per cent on the week. Turnover slipped to HK\$550m from HK\$1,030m.

SEOUL wiped out most of Thursday's gains on selling by disappointed investors, as rumours of government market intervention boosted the market. The composite index fell 0.8 to 622.47, down 1.1 per cent on the week. Turnover fell to Won71.7bn from Won203.5bn.

TAIWAN dropped 1.4 per cent, as weakness in speculative stocks spread. The weighted index fell 51.87 to 2,320.51, down 1.4 per cent on the week. Turnover rose to NT\$19bn from NT\$18.9bn.

SINGAPORE'S Straits Times Industrial index rose 0.17 to 1,453.20, but was steady on the week. Volume fell to S\$44.1m from S\$51.9m. KUALA LUMPUR's composite index fell 0.23 to 532.09, down slightly on the week. Volume fell to M\$25.1m from M\$26.1m.

BOMBAY gained 0.07 to 1,903.31 on the first day of the new account, as carry-forward charges were fixed at a lower level than expected.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987. Modified in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | THURSDAY NOVEMBER 28 1991 | | | | | | | | | | FRIDAY NOVEMBER 29 1991 | | | | | | | | | | DOLLAR INDEX | |
|-------------------------------|---------------------------|----------------|----------------------|-----------|----------|----------------------|--------------------|------------------|-----------------|----------------------|-------------------------|----------------------|--------|--------|------------|------------|--|--|--|--|--------------|--|
| | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | % Chg on Prev. Day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | Local Currency Index | % High | % Low | Year % Chg | Year % Chg | | | | | | |
| Australia (209) | 150.63 | -1.2 | 126.48 | 123.80 | 127.86 | -0.9 | 4.56 | 152.71 | 123.80 | 127.86 | 117.74 | -0.1 | 126.48 | 123.80 | 127.86 | 112.74 | | | | | | |
| Austria (20) | 167.92 | -0.4 | 140.81 | 141.17 | 141.10 | -0.3 | 1.13 | 141.42 | 141.10 | 141.10 | 222.37 | -0.1 | 140.81 | 141.17 | 141.10 | 118.04 | | | | | | |
| Belgium (47) | 151.56 | -0.8 | 110.67 | 106.32 | 110.55 | -0.5 | 1.06 | 111.82 | 110.55 | 110.55 | 111.84 | -0.1 | 110.67 | 106.32 | 110.55 | 125.15 | | | | | | |
| Canada (115) | 136.57 | -0.1 | 122.45 | 122.09 | 122.24 | -0.2 | 0.29 | 122.09 | 122.09 | 122.09 | 217.27 | -0.1 | 122.45 | 122.09 | 122.24 | 217.74 | | | | | | |
| Denmark (31) | 154.17 | +0.0 | 110.67 | 110.67 | 110.67 | 0.0 | 0.00 | 110.67 | 110.67 | 110.67 | 110.67 | 0.0 | 110.67 | 110.67 | 110.67 | 110.67 | | | | | | |
| Finland (105) | 78.21 | +1.0 | 103.96 | 64.20 | 103.96 | +1.0 | 3.40 | 77.43 | 84.58 | 103.96 | 65.09 | 70.89 | 127.55 | 77.43 | 105.45 | 105.45 | | | | | | |
| France (106) | 140.00 | -0.2 | 117.40 | 117.40 | 117.86 | -0.1 | 0.26 | 117.84 | 117.86 | 117.86 | 117.86 | 117.86 | 117.40 | 117.86 | 117.86 | 117.86 | | | | | | |
| Germany (63) | 111.47 | -0.4 | 103.96 | 103.96 | 103.96 | -0.1 | 0.26 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | | | | | | |
| Hong Kong (55) | 170.70 | -1.0 | 143.15 | 140.11 | 140.11 | -1.0 | 3.78 | 140.11 | 141.97 | 144.97 | 171.86 | 152.14 | 143.15 | 140.11 | 118.02 | 118.02 | | | | | | |
| Ireland (16) | 155.28 | -1.4 | 130.21 | 130.21 | 130.21 | -1.3 | 3.78 | 132.12 | 132.12 | 132.12 | 132.12 | 132.12 | 130.21 | 130.21 | 132.88 | 151.03 | | | | | | |
| Italy (77) | 122.80 | -0.6 | 103.96 | 103.96 | 103.96 | -0.5 | 0.55 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | | | | | | |
| Japan (144) | 132.08 | -0.6 | 103.96 | 103.96 | 103.96 | -0.5 | 0.55 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | | | | | | |
| Malaysia (58) | 203.79 | -0.7 | 170.88 | 167.27 | 171.32 | -0.6 | 1.18 | 171.32 | 171.32 | 171.32 | 171.32 | 171.32 | 170.88 | 167.27 | 171.32 | 171.32 | | | | | | |
| Mexico (17) | 132.52 | -0.6 | 103.96 | 103.96 | 103.96 | -0.5 | 0.55 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | | | | | | |
| Netherlands (31) | 143.39 | -0.2 | 103.96 | 117.8 | 120.54 | -0.1 | 4.32 | 143.84 | 120.52 | 117.8 | 120.15 | 119.45 | 143.39 | 117.8 | 120.54 | 125.70 | | | | | | |
| New Zealand (4) | 48.36 | -1.4 | 103.96 | 103.96 | 103.96 | -0.9 | 0.00 | 49.04 | 41.35 | 40.38 | 41.35 | 48.10 | 54.64 | 41.35 | 223.84 | 223.84 | | | | | | |
| Norway (30) | 169.21 | -0.8 | 111.82 | 106.32 | 106.32 | -0.5 | 1.06 | 111.82 | 106.32 | 106.32 | 106.32 | 106.32 | 111.82 | 106.32 | 106.32 | 106.32 | | | | | | |
| Singapore (38) | 207.20 | -0.2 | 170.88 | 167.27 | 171.32 | -0.1 | 2.20 | 171.32 | 171.32 | 171.32 | 171.32 | 171.32 | 170.88 | 167.27 | 171.32 | 171.32 | | | | | | |
| South Africa (61) | 126.72 | -0.2 | 103.96 | 103.96 | 103.96 | -0.1 | 2.07 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | | | | | | |
| Sweden (35) | 148.20 | +1.7 | 103.96 | 103.96 | 103.96 | +1.9 | 0.29 | 147.31 | 120.03 | 120.03 | 120.03 | 120.03 | 103.96 | 103.96 | 171.12 | 131.51 | | | | | | |
| Switzerland (58) | 170.29 | -1.2 | 142.80 | 139.78 | 142.80 | -0.9 | 2.99 | 141.24 | 141.24 | 141.24 | 141.24 | 141.24 | 142.80 | 139.78 | 142.80 | 142.80 | | | | | | |
| United Kingdom (239) | 92.40 | -0.5 | 103.96 | 103.96 | 103.96 | -0.1 | 0.57 | 92.40 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | | | | | | |
| USA (225) | 153.25 | +0.7 | 144.15 | 144.15 | 144.15 | +0.8 | 5.17 | 153.25 | 144.15 | 144.15 | 144.15 | 144.15 | 144.15 | 144.15 | 144.15 | 144.15 | | | | | | |
| Australia (825) | 138.36 | -0.3 | 116.02 | 119.56 | 116.32 | -1.67 | -0.4 | 133 | 138.80 | 116.48 | 116.69 | 117.19 | 161.51 | 125.50 | 136.21 | 136.21 | | | | | | |
| Brazil (107) | 174.16 | +0.4 | 146.02 | 146.02 | 146.04 | -0.2 | 4.33 | 146.02 | 142.86 | 142.86 | 144.73 | 200.82 | 155.55 | 171.54 | 171.54 | 171.54 | | | | | | |
| Canada (107) | 174.16 | +0.4 | 146.02 | 146.02 | 146.04 | -0.2 | 4.33 | 146.02 | 142.86 | 142.86 | 144.73 | 200.82 | 155.55 | 171.54 | 171.54 | 171.54 | | | | | | |
| China (107) | 136.69 | -0.5 | 113.77 | 113.77 | 113.75 | -0.7 | 2.00 | 114.66 | 114.66 | 114.67 | 114.67 | 114.67 | 113.77 | 113.75 | 127.38 | 127.38 | | | | | | |
| Europe Area (641) | 152.14 | +0.0 | 124.89 | 127.92 | 127.92 | -0.0 | 0.9 | 152.14 | 127.92 | 127.92 | 127.92 | 127.92 | 124.89 | 127.92 | 127.92 | 127.92 | | | | | | |
| Japan Ex (U.S\$) | 118.04 | +0.0 | 103.96 | 103.96 | 103.96 | 0.0 | 0.00 | 118.04 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | 103.96 | | | | | | |
| Latin America Ex (U.S\$) | 145.98 | -1.0 | 120.66 | 119.52 | 119.52 | -0.7 | 3.37 | 119.52 | 119.52 | 119.52 | 119.52 | 119.52 | 120.66 | 119.52 | 119.52 | 119.52 | | | | | | |
| Asia Ex (U.S\$) | 137.89 | -1.3 | 111.82 | 111.82 | 111.82 | -0.7 | 4.17 | 111.82 | 111.82 | 111.82 | 111.82 | 111.82 | 111.82 | 111.82 | 111.82 | 111.82 | | | | | | |
| Europe Ex (U.S\$) | 145.98 | -1.0 | 120.66 | 119.52 | 119.52 | -0.7 | 3.37 | 119.52 | 119.52 | 119.52 | 119.52 | 119.52 | 120.66 | 119.52 | 119.52 | 119.52 | | | | | | |
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Pavarotti in the Park, arias as advertising jingles: never has high art been so accessible. Is it all for the good, or will commercialism be the death of real opera? asks **Andrew Clark**

WEEKEND

Weekend November 30/December 1 1991

Pavarotti in the Park, arias as advertising jingles: never has high art been so accessible. Is it all for the good, or will commercialism be the death of real opera? asks Andrew Clark

still a sense of *prima* — the glorification of the voice. Most Italian fans can sing *aria* bits of *aria* bits by *Wotan* and *Puccini*. They like to participate in the virtuosity of singers, criciding them as soccer fans criticise individual players — *bellissimo* — like a *goal*. Melody is what counts, its harmony. They listen to the *aria*, they *flage* in between: *aria* proliferation of private boxes in Italian *società* — allowing patrons to *flage* during the boring bits. In Italy, opera is the essential form of theatre.

In France the emphasis is always on the decorative — *flage* — French, the stage is a *divertissement*. Their word for performance is *spectacle*. It is all a big show — hence the fashion for grand *flage* in Paris in the mid-19th century. The philosophical element of *flage* is *flage* — the French. They like trendy stage directors, they adore the *flage* behaviour and have a selection of *flage* — the *flage* — show, to *flage* in. In French audiences tend to look chif-*flage* *flage*.

There long-roots can remain a creative grass-roots experience – catering for an ever-widening public without costing much or losing quality. The quality of the work itself is becoming dependent on a core of long-established works. If governments will always subsidise so that new and forgotten works can learn alongside the old, the British musical will flourish. It becomes, the more it seems to compromise its integrity as art. Opera is moving where technology takes it – into surtitles, computerised stage machinery, and computerised lighting and sound marketing. The day may when the computer will rule – when the singer sings “Your tiny hand is frozen” into a microphone, an actress mimes to a perfect soundtrack, and the fat soprano is a thing of the past.

The Long View/Barry Riley

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FINANCE AND THE FAMILY

London Markets

The arithmetic of optimism

IT'S THE sign of a worried man, said one analyst this week, "when a believer in economic fundamentals like me starts looking at charts." He is one of a number of market forecasters whose optimistic predictions were looking vulnerable this week.

If like him, you do not really believe in chart analysis, the diagram alongside, depicting the UK stock market has retraced all the gains since March and the end of the Gulf War rally. FT-SE closed on Friday at 2420.1. Those who believe in charts are sounding very gloomy, with FT-SE numbers showing up in their public and 100 being mentioned as a worst case in private.

The economic fundamentals remain, mostly, pretty good. Yes, the economic recovery has been postponed a bit, but it is now the good news of the good news. But it is still on the way - February or March is the best time to look at the UK shares will look cheap.

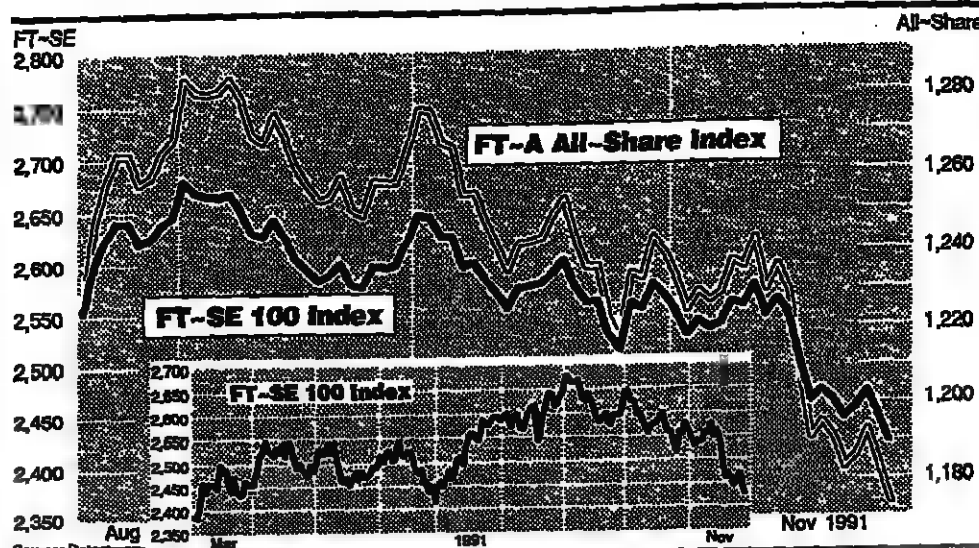
In fact, on most traditional measures, they look cheap already. The stocks in the FT-SE All-Share index are now yielding over 5 per cent, a level regularly exceeded in the

high-inflation 1970s but touched only briefly since the early 1980s. The "yield ratio" - the yield on long gilts divided by the yield on equities - is firmly below two, a traditional indication that shares are good value.

Looking out a bit further, the optimists are doing this sort of arithmetic, described by Paul Watson of James Capel, start by estimating what long gilts will be yielding at the end of next year - say 8 1/2 per cent. Now look back in history and establish what the traditional gap has been between percentage earnings per share and gilt yields in periods of low inflation. Taking 3 per cent from 8 1/2 per cent gives you a theoretical "earnings yield" of 5 1/2 per cent (earnings by share prices).

From that, you can derive a notional market price/earnings ratio by calculating the reciprocal of 5 1/2 per cent, which is 18.2. Today's share prices and earnings per share give an end-1992 p/e of around 11 1/2 - which means that over the next year, share prices might in theory rise by 58 per cent to bring the ratio from 11 1/2 to 18. In practice, says Watson, he's expecting only a 10 per cent rise by the end of next year.

This sort of calculation depends heavily on assumptions about what happens to share prices in a low inflation era. Most of the historical evidence is positive. The problem is that ERM membership and the path to EC monetary union together with Britain into uncharted waters - raising the possibility, for example, of a one-for-all portfolio reallocation from equities to bonds. Robin Aspinall of Schroders is one of the people arguing that such a shift is feasible - and if it comes, he says, it would create a self-fulfilling bull market in bonds, far outweighing any downward pressure on gilt prices from the rising govern-



ment deficit. That would make gilts the big play of next year, not equities.

Such big-picture ruminations apart, analysts have been downgrading their earnings estimates for the year down to a close, and the economic recovery recedes. This has hit individual stocks, and it has also affected whole sectors. Bank stocks were hit by pessimism about bad-debt write-offs, which showed up in a drastic downgrade of National Westminster by Carr, Latham & Aitken, and in results from Royal Bank of Scotland in the year-end figures. Royal Bank revealed £351m in provisions against loan losses, a ratio of provisions to loans more than double that attained in the early 1980s. Royal Bank's shares closed the week at 166p, down 3p. National Westminster closed down 19p, at 288p, and Barclays at 367p, down 11p.

The other sector affected by bad news was construction. On Monday Sir Clifford Chetwood, chairman of Wimpey, told ministers that the industry was suffering more than in any time in the 10 years in the business. Recovery was not expected until 1993, he said. The news got out on Friday, when Y.J. Lovell, the medium-sized contractor, announced it was in "constructive discussion" with its bank and would not pay a final dividend. Lovell raised £21m through a rights issue only months ago. The news caused a wide range

of construction shares, with those seen as most financially vulnerable, such as Costain, most affected. Lovell shares immediately dropped 10 per cent, to close the week at 32p, down from 36p. Costain fell 54p, down 16p.

Maxwell Communication, which rose early in the week, was the outlier in the market, dropping sharply when the news of its takeover by British Telecom was announced. The shares closed the week unchanged, at 36p.

British Telecom, which had been a target for applications from individual investors and bids from institutions, rose 11p to close at 363p.

One big institutional investor bases his belief on a pre-Christmas rebound in the market, partly on the view that there is just too much pessimism around - and partly on the imminence of the FT sale. Institutions always hold back enough to make a difference to the market, and they are bidding for it in full, just in case they get what they want, he says. Then when they get out, they find themselves sitting on too much cash, and start buying again. In a week for theories, that one sounded more plausible than most.

Peter Martin

Serious Money

Invest early for the recovery

By John Authers

THIS MAY sound untimely. But I want to talk about investing for the recovery.

There are plenty of people who are not cheerful at the moment. They are a mini-Sterling crisis, while the City of London looks like it is about to switch into bonds, described in the Bottom Line below, looks discouraging for those who want to invest in equities.

But the stock market's fundamental valuation tells a different story. As Philip Coggan pointed out in this column last week, the London market is now yielding more than 5 per cent. This is good value historically, and suggests there are opportunities for good long-term profits. The problem is how to take advantage.

Buying individual shares is one of the best ways to get about it, in spite of the heavy incentives provided in the current BT flotation. Small investors find it difficult to take on the market unaided. That means enlisting the help of a unit or investment trust.

If you really want a chance to profit heavily from growth, you might want to buy a "widow and orphan" stock, as the chances for growth in companies which are already large and well known are limited. The best bet is probably a specialist "Recovery" or "Special Situations" fund. But be careful.

It is easy to be tempted by the allure of products with a "high risk" label. Small investors like it, because they think of it as some guarantee of high returns. Fund managers find that a "high risk" label is great for marketing - if the fund proceeds to die on its feet, they can at least tell disgruntled investors that they have delivered the promised high risk.

Some Recovery funds never recover. For example, Brown Shipley Recovery has dropped 24.2 per cent over the last five years, according to Finstat, and only gained a relatively unimpressive 143.8 per cent over ten years. Arkwright Recovery has done better over

five years - it has only lost 14.6 per cent - but over ten it has gained a dismal 24.1 per cent. These figures are with income reinvested.

This sounds bad. However, many specialist funds do not carry a high burden of risk as such - they just search for value. Names like "Recovery" or "Special Situations" summon visions of fund managers buying shares in a company just as the DTT inspectors have been called in, and reaping the rewards when their name is cleared and the shares take off. In fact they are nowhere near as speculative.

The managers of the most spectacular equity growth funds do nothing so glamorous - instead they are the ultimate value investors.

Here is the view of Kenneth Levy, of Capel-Cure Myers, whose stable of funds includes Capability Special Situations unit trust. "You got to buy value."

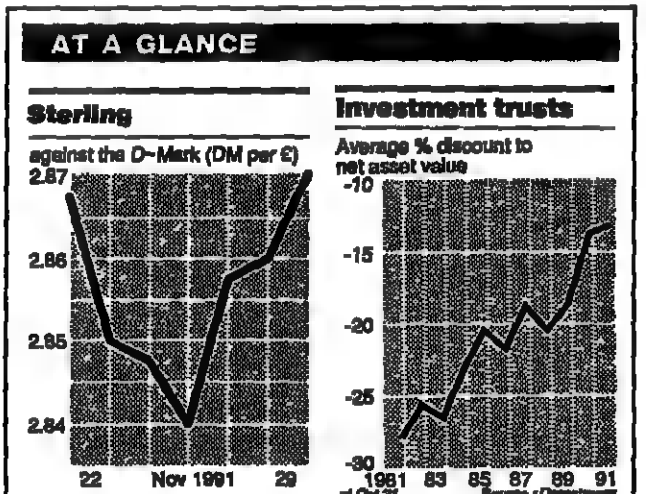
Levy's philosophy is based on copious research, and understanding companies before he invests. But he does not mean attempting to leap into a company which is under-rated by the market. Quite the reverse.

"If everything else is good but the share price is consistently underperforming, somebody else knows more than you do. It is very dangerous to go into a recovery stock on the fundamentals are looking good."

So much for boldly buying where no man has bought before. As far as Levy is concerned, when investors buy shares because they think they have more than the market, seven out of ten they are wrong.

His own fund, which is right now often that - Capability Special Situations is currently top of the UK Growth sector with 725.4 per cent growth, according to Finstat. Over five years it is eighth with 72.2 per cent. This has been done by

| HIGHLIGHTS OF THE WEEK | | | | |
|------------------------|--------|---------|---------|---------|
| | Price | Change | 1991 | 1991 |
| | 1 day | | High | Low |
| FT-SE 100 | 2420.2 | -28.1 | 2679.6 | 2344.1 |
| Argyll | 286 | +27 | 315 | 234 1/2 |
| Argyll | 136 | -21 | 245 1/2 | 11 |
| BTR | 368 | +16 1/2 | 438 1/2 | 10 1/2 |
| British Telecom | 363 | +11 | 423 1/2 | 10 1/2 |
| Edgars | 265 | +125 | 270 | 85 |
| Edgars | 589 | +33 | 623 | 10 |
| Lafarge | 220 | -30 | 347 | 10 1/2 |
| Lloyds Abbey Life | 353 | -28 | 442 | 11 1/2 |
| Southdown | 286 | -19 | 357 1/2 | 10 1/2 |
| Reutere | 905 | +38 | 1003 | 673 |
| Ritz Design | 199 | +14 | 201 | 101 |
| Sainsbury (J) | 348 | +25 | 386 | 10 1/2 |
| Sun | 266 | -18 | 408 | 286 |
| Witke | 115 | -18 | 190 | 94 |



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Investment trusts find favour
Southdown fund has had a strong performance by investment funds in recent years. The graph shows the erosion of the investment fund market at which investment funds have traded, according to research by S.G. Warburg Securities. Investment funds have been the top of the growth in the underlying fund industry by fund managers. Warburg published the first guide for the private investor this week, as part of the launch of the Investment Trust Manual for 1992. This publication is usually aimed solely at the professional investor. Warburg is predicting more new issues, feeding growing demand.

Southdown merger announced
Southdown Building Society, with assets of £780m, is to merge with Lincoln Permanent. Southdown, which was created a year ago out of a merger between County of Eastbourne Mutual, is expected to close around March in the present financial year.

Enterprise zones trusts offer
Two new local enterprise zone trusts have been launched. Collective Investments' EZ1 will buy properties - one in the Clydebank zone and one in Telford. Maximum capacity in the fund is £10m, with a minimum investment of £15,000. The fund is underwritten by the formed by Friday December 20.

Property Enterprise Managers is launching PET16, a trust which will invest in four office buildings in Sunderland. Maximum investment is around £18m, and the yield before management charges is 7.5 per cent. It has a guarantee from the developer, with a five-year bank guarantee.

New head at Alliance & Leicester
Alliance & Leicester, the UK's third largest building society, has appointed Mr. White as its new chief executive, following the surprise decision of David Durward, 56, to retire. A spokesman for the society at the time declined to comment on suggestions of a possible boardroom coup.

Smaller companies decline
Smaller company share prices again dropped this week but by a smaller margin compared with previous weeks. The Hoare & Co. Smaller Companies Index (capital gains version) fell by 1.1 per cent from 1234.8 to 1222.64 over the week. The County Small Companies Index fell by 0.74 per cent from 994.87 to 987.5.

Traders retreat to turkey and cranberry sauce

IT MUST have been with relief that Wall Street traders retreated to their turkey and cranberry sauce on Thursday, Thanksgiving. The market had been trading in a state of confusion since Monday, when the Dow Jones Industrial Average, which stood at more than 3000, had sunk by around 100 by Wednesday night. The market's behaviour makes for a holiday week, which is the first 150-point drop on "Black Friday" only three of the subsequent trading sessions had shown overall gains in the index, while the number showed net losses.

The holiday week provided no additional comfort. On Monday, trading was mixed and muddled. True, the Dow itself showed only a minimal loss overall - less than one point - but the Nasdaq Composite, which measures smaller company stock prices, fell by a slightly more significant 1.3 per cent.

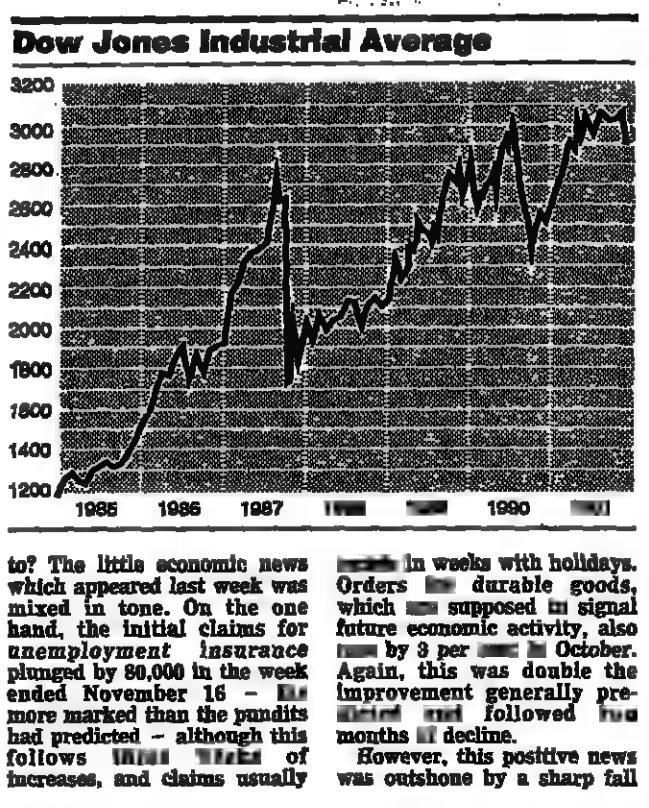
So what is all this about?

On Tuesday, the performance was even more volatile. Within minutes of the opening of trading, for example, the Dow was posting a gain of over 30 points. Later that morning, it had done a complete about-face, and plunged by more than 50 points. By the end of the day's trading, it had recovered sufficiently to show a net gain of some 14 points.

In the eyes of many analysts, this violent oscillation had little to do with stock market fundamentals. Rather, they attributed the wild swings to an interaction of different "programme" trading systems.

Certainly, by Thanksgiving eve, a more fundamental sentiment was gripping the market, and it was relentlessly gloomy. The Dow tumbled by 180 points, as volume also dwindled as the pre-holiday lull took hold. And on Friday morning, matters were similarly depressed: by mid-morning, the Dow appeared to be taking its lead from European markets for once, posting single-digit losses but sliding back to a 3900.

So what is all this about?



in consumer spending month. According to the latest figures, consumer expenditure declined by 0.3 per cent in October, before adjusting for inflation, or 0.4 per cent after allowing for price changes. Coming just before the holiday shopping season, this seems to bode ill for the retail sector.

Generally, it reinforces the impression of an economy paralysed by uncertainty, fear of job losses, and a general crisis.

The major corporate announcements of the week did little to help. On Tuesday, International Business Machines, the computer giant, announced a wholesale restructuring, and said it would cut 13,000 jobs in the fourth quarter to save \$2.75bn to pay for its restructuring of its worldwide operations. Both moves may be positive in the medium term; indeed, IBM's ind-

Nikki Tait

Norwich Union sounds a note of caution

WHEN ONE of the UK's biggest and best performing institutional investors decides that it is time to take a cautious view on the outlook for inflation, it is worth listening. Norwich Union insurance group sold £1bn of ordinary shares in September to reduce the proportion of its £12bn life fund invested in equities from 70 per cent to 60 per cent.

The decision, says Philip Scott, 37, the actuary who is Norwich's senior investment manager, reflects the group's belief that far-reaching changes are taking place in the investment climate, as the industrial economies try to reduce inflation rates.

These changes, he says, will not only affect the rate of return which savers can expect on their investments, whether in ordinary shares, fixed interest securities or property. They will also affect the competitive balance between different sorts of financial institution.

"We live in a very volatile time but there are some major

underlying investment trends driven by the view on the outlook for inflation," says Scott. "The investment climate which will prevail in the 1990s compared with the 1980s, throughout the industrial world. They include the slowness of recovery from the recession, the tighter monetary policy, particularly as a result of membership of the European Exchange mechanism, and the constraints on the banking system's ability to increase lending as a result, in part, of stricter capital adequacy regulations.

During the 1980s, says Scott, the average real annual rate of return for ordinary shares in the UK (after stripping out

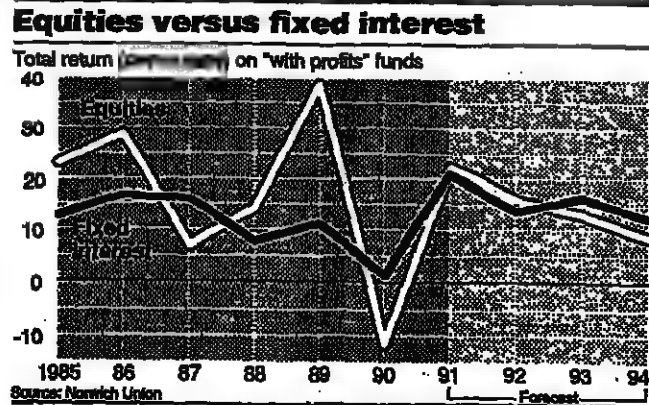
inflation) was 15 per cent. This compares with an average real annual rate of return on UK equities of 7 per cent since 1918 and 6 per cent since 1945.

The Norwich is planning on the assumption that in the 1990s real rates of return on equities will be about 8 per cent on average. This is higher, but not by much, than the 6 per cent rate of return it is projecting for UK fixed interest securities, the 5 per cent from securities and property and the 5 per cent from putting cash on the money markets.

Since these projections are average annual real rates of return, returns in any particular year may be very different.

The transition to lower inflation, for example, could result in a bull market in bond prices and a surge in equities in 1992, Scott says, as equity yields become more valuable relative to lower bond yields.

But for a life assurance company, which provides a substantial proportion of guaranteed returns to investors on many of its



products, the expectation that returns on different types of assets will converge enhances the attraction of wider diversification.

Scott also believes that good asset selection - buying the right ordinary shares or bonds at the right time - should increase rates of return.

He also suspects that the life assurance industry faces a challenge in educating its customers about what is going on. In his view, life companies have not yet adjusted to the lower rates of return on their assets which should now be anticipated. Last year (1990), he says, was the first year in a decade when real rates of return on a representative "with profits" life fund were negative. The widespread assumption that this was just "a blip" and that double digit rates of return would re-emerge is, he believes, wrong.

This, he says, is only now

Stewart Fleming

مكازم التحصيل

FINANCE AND THE FAMILY

The BT offer: to buy or not to buy

FT writers assess the prospects for small investors as the deadline nears for one of the government's most complex privatisations

MORE THAN 80 per cent of the 5.25m individuals who registered for the second tranche of the BT share offer nominated a share shop to gain priority in allocations, writes Scheherazade Daneshkhu. By Thursday, 90,000 BT applications had been received.

You do not have to deal through your nominated share shop - or any other. But you will not be able to use the coupons entitling you to special commission rates unless dealing is done through them. We published dealing rates last week. Note that the dealing charges at Norwich and Peterborough are £3.50 and not £3.55.

Investors can still buy BT shares at the market price but they will not get the discount unless they meet the registration deadline.

Investors wishing to hold BT shares can transfer them to a PEP (Personal Equity Plan) to avoid income tax on dividends and to enjoy capital growth free of CGT. Since the BT offer is a new issue, investors can transfer their shares to a PEP within 42 days. The shares can be placed in a general PEP or, from January 1, in a single company PEP.

Investors are allowed £8,000 in a general PEP in any one year, while the maximum annual placement in the single company PEP is £3,000.

Some providers offer low-cost services, similar to the lower-rate selling charges. Sharelink, one of the share shops, is offering a transfer into a single PEP for £7.50 plus VAT or £5.50 per cent of the value of the PEP. This will be taken out of the PEP every six months once the dividend is received.

Perpetual Portfolio Management is offering a PEP service of £10 to transfer in and £10 for each call payment; plus a dividend collection charge of £1.75.

The partly-paid nature of the shares may lead to complications with subsequent instalments. You will have to sell your BT shares if they exceed the annual PEP limits.

SHOULD UK investors buy shares in the BT offer? Applications have to be in by 10am on Wednesday.

Unlike government privatisations the arguments in favour of buying are not clear. The share structure is more complicated, partly because more than half of the company has already been floated. The opportunity of making a large immediate profit is slim, although investors would be extremely unlucky not to make any.

One problem in assessing whether to buy the shares is that the price will not be set until after cheques are in the post. It will be set on the basis of how much institutional investors are prepared to bid.

Over the past few days it has emerged that institutions are bidding at or around the current BT market price of 355p. A number of stockbrokers independent of the sale, such as Robert Fleming Securities and County New, believe

the price is around 300p, given the regulatory and political risks that could affect BT's business.

On the face of it, the shares do not look like a good buy. However, two factors make them more appealing.

First, the shares will be paid in three instalments. Postponing the last two instalments is worth about 20p per share, as the money can be earning interest in the meantime.

Second, small investors will get a discount of 15p per share on each instalment compared with the price paid by institutions. The total discount is 45p.

When the 15p and 45p are subtracted from a sale price of around 355p, investors will be paying only about 200p a share. This is lower than the price which independent brokers believe is fair - and it is of course possible that they are being too pessimistic.

Hugo Dixon and Roland Rudd

The case for ...

Small investors will get an immediate 15p per share discount compared with the price paid by institutional investors. The total discount will be 45p if you hold on to your shares until March 1993.

Given that institutions will bid only what they think the shares are worth and that the government will probably set the price at a level which allows the institutions to make a small profit, small investors are protected from all but a serious fall in the market.

Cheap dealing through share shops should allow investors to sell their shares quickly and profitably.

BT has huge scope to improve efficiency and cut costs. Last year it embarked on an ambitious reorganisation, Operation Sovereign, which could lead to the loss of 80,000 jobs over five years.

The reorganisation also aims to remove unnecessary layers of bureaucracy and improve marketing by making the company more responsive to customer needs. New technology is cutting costs further and is easier to maintain than the old technology.

Telecommunications is a growth market. The economy and society are becoming increasingly dependent on telecommunications. The facsimile and mobile phone markets have

grown rapidly.

New services - such as picture phones, electronic mail, voice messaging, call waiting and call divert - are coming on stream and are likely to become important sources of revenue in the late 1990s.

As telephone call prices fall in real terms, people are expected to make more and more of them. The growth of international calls is likely to be particularly strong.

BT will have greater opportunity to expand overseas as barriers to investment come down. The company wants to increase its presence in North America, Western Europe and Japan.

BT has been steadily increasing its quarterly rental charges and cutting its call charges since privatisation seven years ago. It hopes to be able to do this more rapidly following next year's price review by Ofel, the industry regulator.

This year's duopoly review has already given BT the freedom to offer bulk discounts to customers who use the phone a great deal. Companies will benefit from both these moves because they use the phone a lot and will not mind rental charges increasing if call charges fall.

BT should therefore be able to compete more effectively against rivals such as Mercury Communications, which has focused on the business market.



... and against

Investors will benefit from the full discount only if they remain shareholders until March 1993. The share price could fall by then, wiping out any profit.

BT's prices will come under scrutiny in January 1992. Ofel, the industry regulator, publishes its consultative paper on the subject. BT has been criticised for making excessive profits. A recent FT investigation showed that the company could afford to cut its prices by £1m a year and still make profits comparable with other phone companies.

Ofel has made clear that all options are open in next year's price review. Many believe that the regulator will force the company to cut prices sharply. This would adversely affect its profits and probably its share price.

If BT refused to accept Ofel's ruling on a new price regime the matter would probably be referred to the Monopolies and Mergers Commission, which could also investigate its overall efficiency and whether its structure should be broken up.

BT is still a virtual monopoly but its market share is being eroded by Mercury Communications. Mercury has been particularly successful in BT's most profitable markets - serving business customers and providing international services. BT's share of this market fell to 92 per cent in the year to the end of

September from 94 per cent in the year to the end of March. BT's share of the international market fell to 83 per cent from 85 per cent over this period.

This year's review of the BT/Mercury duopoly has opened the telecommunications market to intense competition. Large US companies are already competing in the local telephone market and rivals are emerging on long-distance routes.

While the Labour party has abandoned plans to nationalise BT, it favours tougher regulation. With a general election next year, Labour's policies are increasingly relevant. The Liberal Democrats are calling for the company to be broken up, although a report by US brokers Salomon Brothers concluded that such a move would actually hurt its share price.

BT's foreign operations have not been successful. Brokers Robert Fleming Securities estimate that the company has lost about £1m as a result of overseas expansion when the reduction in the value of its investments is combined with the cost of financing them. There are fears that the company may now have to raise money abroad.

Hugo Dixon and Roland Rudd

The retail option

INVESTORS with a large portfolio would do well to look at the "retail tender", writes John Authers.

This is the most innovative aspect of this flotation - members of the public can buy a portion of the shares being bought by the institutions. Private investors building up a larger portfolio of directly-held equities, are likely to find the retail tender very useful.

Two riders must be in mind: neither the discount, nor the incentives of the main retail offer are available via the retail tender. So the tender will cost more and will not deliver the same perks.

Another rider which might be a problem is that investors have to make their bid through a broker. A broker's total bid is then added to the same pool as the pension or insurance fund, or other large institutional investor.

The rules of the tender are complex - institutions must tender to buy shares at a fixed price, or to buy as the "strike price" which emerges from the assessment of demand which must be made from all the other bids.

For a share price as given preference in allocation, so many brokers seem likely to weigh demand against their clients and then tender in a fixed price, or to buy as the "strike price" which emerges from the assessment of demand which must be made from all the other bids.

There is no official maximum limit on applications. The minimum is 1,000 shares.

Indications at present are that the retail tender is stimulating more interest than the main tender. But with total capacity of £5bn to £6bn, it should be possible to avoid a drastic scaling-down of the retail offer.

Another advantage, pointed out by broker Henderson Crosthwaite, which is enthusiastic about the tender, is that clients who buy shares they do not eventually receive. For investors who can afford it, and who want to build a holding in BT, this is probably the best way to do it.

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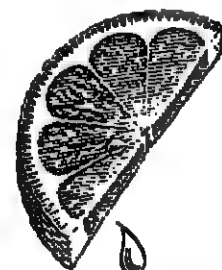
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* PEP performance based on an actual client investing on 2nd November 1990, valued at mid-market, excluding initial 3% commission. (FT-All-Share includes gross income re-invested. Source: the WM Company.)

Stewart Ivory & Company Ltd is a member of I.M.R.O.

FINANCE AND THE FAMILY

Banking on the ombudsman

David Barchard senses a new public awareness

IT LOOKS AS IF the public has woken up to the fact that if a customer has a complaint against his or her bank (or building society, or insurance company) there is an industry ombudsman to turn to.

This Laurence Shuman, the Banking Ombudsman, revealed in his annual report that complaints in his office had risen by 82 per cent, reaching 6,327 in the year to September.

The second striking point was that the number of complaints about interest rates and charges and complaints about lending terms.

It looks very much as if the personal conduct of the high street bank has been hit by the consequences of its own mistakes - are trying to win back their customers with exorbitant charges, just as small businesses were damaged by the same.

At the time of the future, the Office of Fair Trading

cleared the banks of colluding to fix interest rates on loans, and accused them of being insensitive and high-handed. Similar language will spring to the mind of anyone who reads the ombudsman's report: there are plenty of cases in which banks respond grudgingly to their own mistakes - and still emerge on the winning side. Some of these cases, the ombudsman says, might well have been resolved in the customers' favour if the proposed new Banking Code was in place.

If you do complain to the ombudsman, you will be one among many and the chances are that your complaint will be settled - or you will drop it - before final adjudication.

Consider the statistics. Of 6,327 new complaints made during the year, 2,508 were rejected and 1,661 were not pursued. A further 1,948 cases were carried forward into the next year (1,283 were inherited from last year) and 552 were settled.

No wonder the ombudsman's office is being expanded

beyond its present staff of 25. Of the 584 cases that were finally accepted for full investigation, just under a quarter resulted in compensation. But perhaps cash compensation is not the main reason why having a banking ombudsman is so useful. He helps pin-point concerns for bank customers.

Cash cards and cash machines remain high on the list. If anything goes wrong, banks fall back on the small print in their agreements and blame the customer. For example, when a cash card is stolen and money is withdrawn, banks insist that the customer must have been at fault by failing to keep the card safe.

There seems to be little the banking ombudsman can do about this, but he is a useful intermediary. If you have a complaint, contact the Banking Ombudsman at: Office of the Banking Ombudsman, Citadel House, 5/11 Fetter Lane, London EC4A 3BE. Tel: 071-583-1395, fax 071-583-5873.



Laurence Shuman, Banking Ombudsman

guarantee and should confirm in writing what they have agreed when negotiating a loan.

Meanwhile National & Provincial building society this week says its staff will advise customers which is the best savings account for them. It will also tell them when they are not already in the best savings account. The move will cost N&P £15m a year.

If this helpful attitude spreads all the ombudsmen might be out of a job. But I suspect that banks and building societies will prefer to remain silent. If you have a complaint, contact the Banking Ombudsman at: Office of the Banking Ombudsman, Citadel House, 5/11 Fetter Lane, London EC4A 3BE. Tel: 071-583-1395, fax 071-583-5873.

The London Share Service

Scheherazade Daneshkhu reviews the FT's new-style listing format

THE new-style listings in the London Share Service pages of the Financial Times have now been running for a week. Readers should have found it easier to work than the old format.

The biggest change has been to the way the company's financial data is presented. Some were considered to be old-fashioned, such as Drapers and Shoes and Leather, while Industrials Miscellaneous comprised an unhappily long list of companies.

The categories are now those of the FT Actuarial sectors, which are used by most investment analysts.

On Tuesday, published a four-page pullout to show the new positions of companies. British Aerospace, for example, is now listed under Engineering Aerospace instead of Industrials Miscellaneous. The Organisation has also moved from its old category and into Hotels and Leisure.

Many companies' names are now preceded by a square to indicate when the share price is the same as for other stocks. From Tuesday to Saturdays, trusts will show (from left to right): the share price, daily change, high and low for the year, gross yield, and the value per share and the discount premium to the net asset value.

The Week Ahead City awaits the word of Hanson

HANSON, the acquisitive conglomerate with a 15 per cent stake in Imperial Chemical Industries, is expected to announce pre-tax profits for the year-end to September of around £1.1bn (£1.25bn). Earnings per share are expected to be around 15p to 16p, up from 13p.

After a year in which Hanson has received a bad press since it took its stake in ICI last May, the City is waiting for Hanson, the chairman, to deliver an upbeat message.

The General Electric Company is expected to deliver a message of recovery. GE's pre-tax profits on Wednesday with cost cutting across the group offsetting a decline in turnover in several areas.

Analysts predict pre-tax profits of £346m (£342m), and a fully year of about £280m. Estimates of the interim dividend differ slightly ranging from an unchanged 2.55p to an increase of 2.65p among those analysts which expect the company will want to send a positive signal about the final dividend.

After a year in which trading has been hampered by restructuring problems, B&S, the UK's leading brewer, is expected to report an unprecedented rise in earnings on Wednesday.

Pre-tax profits range from £482m to £505m, 5 to 10 per cent lower than previous year's £535m. Most analysts predict a strong recovery in

| COMPANY NEWS SUMMARY | | | | |
|----------------------------|---------------|--------------|--------------|-----------------|
| TAKE-OVER BIDS AND MERGERS | | | | |
| Company | bid per share | Market price | Value of bid | Bidder |
| Amstrad | 51p | 24p | 3.61 | Pittman |
| Atlantic Ras | 111p | 117p | 314.51 | Conroy Pet |
| Beezer | 48p | 25p | 25 | UK |
| Chryslair | 80p | 86p | 7.1 | Blackwater UK |
| De. & S. Co. Pl | 270p | 265p | 140 | Marrel |
| Edbro | 35p | 34p | 540 | Publicis |
| Geens Group | 750p | 735p | 14 | STR |
| Hawker Siddeley | 179p | 177p | 11.916 | TR Prop Inv Tel |
| New England Prop | 210p | 212p | 51 | Williams Hidge |
| Design | 118p | 112p | 316.984 | Shilling Group |
| Life Corp | 115p | 113p | 46.02 | Rockledge Corp |
| | 275p | 277p | 1,020n | Janbacher |

Notes: All cash offers are subject to a cash offer not already held. Share price based on 23.50m shares. For 40% not already owned. For 100% not already owned. For 100% not already owned. For 100% not already owned.

| PRELIMINARY RESULTS | | | | |
|------------------------|---------|-----------------------|------------------------|-------------------------|
| Company | Year to | Pre-tax profit (000s) | Earnings per share (p) | Dividends per share (p) |
| ABI Leisure | 1991 | 2,070 | (5.920) | 6.7 |
| Apollo Metals | 1991 | 2,030 | (2.400) | 12.2 |
| Capital Radio | 1991 | 9,800 | (15.800) | 9.4 |
| Chetani International | 1991 | 787 | (7.61) | 1.4 |
| Drayton Consolidated | 1991 | 162,000 | (187,000) | 10.17 |
| Edwards Worldwide Int. | 1991 | 3,450 | (18,940) | 10.17 |
| Financie South | 1991 | 3,020 | (4,810) | 55.9 |
| F&C Garmen Invest. | 1991 | 350 | (481) | 1.4 |
| Micro | 1991 | 593 | (488) | 1.14 |
| Kirk Saver | 1991 | 101,700 | (25,500) | 44.28 |
| McCarthy & Sons | 1991 | 14,800 | (10,800) | 1.1 |
| MEPC | 1991 | 143,300 | (149,800) | 31.3 |
| Metrol Radio | 1991 | 1,690 | (2,190) | 7.2 |
| Mitral Holdings | 1991 | 2,670 | (848) | 1.4 |
| Moran Holdings | 1991 | 57,700 | (22,200) | 10.5 |
| Royal Bank of Scotland | 1991 | 24,800 | (21,500) | 4.52 |
| Southwest Investment | 1991 | 234,800 | (218,000) | 33.4 |
| Tate & Lyle | 1991 | 4,400 | (5,100) | 17.4 |
| Tinsell | 1991 | 6,300 | (1,800) | 1.7 |
| White Group | 1991 | 1,010 | (505) | 4.4 |
| Young (N) Holdings | 1991 | 1,010 | (505) | 4.4 |

| STOCK MARKET STATEMENTS | | | | |
|-------------------------|--------------|-----------------------|------------------------|-------------------------|
| Company | Half-year to | Pre-tax profit (000s) | Earnings per share (p) | Dividends per share (p) |
| AAH Holdings | 1991 | 15,800 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |
| Amstrad | 1991 | 2,010 | (2,500) | 1.5 |

The cost of caring

LONG-TERM care (LTC) insurance has been in the news for some time. Three new schemes have been launched, which have been launched by changing demographics. People live longer, and they need long-term care more frequently in their final years.

However, a cynical view might be that insurers have latched on to a new way of life insurance.

There are seven products on the market, which all could be called "long-term care insurance". But comparisons are difficult and sub-divisions need to be introduced.

Two schemes - from Aetna, launched this week, and Commercial Union - are generally general insurance products.

The underwriting for these schemes is more general insurance than the life industry. You insure yourself, probably starting in middle age, against the possibility that in old age you will need expensive care.

They work in essence by fixing a set number of Activities of Daily Living (ADLs). In the case of CU, these include washing, using the toilet, dressing, continence, eating and drinking, and dressing. Payments start when the policyholder is unable to carry out a fixed number of these ADLs. Actua's has benefits for those needing care in their home, and then greater pay-outs once residential care is needed.

The underwriting for these schemes is more general insurance than the life industry. You insure yourself, probably starting in middle age, against the possibility that in old age you will need expensive care.

Most other products in the market are "pay-to-pay" products, using basic life insurance tools, to lighten the burden on people as they are about to retire. These schemes are more prone to the argument often made against school fees payment plans: that they are in fact a device for selling more life insurance.

The other launches this week use standard investment



products. Clerical Medical's Residential Care Plan combines a temporary annuity for five years with a unit trust (which can be part of a Personal Equity Plan). The annuity lasts for five years, and provides the income to pay fees. There is then a good chance that the PEP will grow enough to cover the full funds to their original level.

Pearl's Nightingale plan works on the same principle, but with a unit trust to replace the money spent on the annuity. Pearl also provides a small booklet on how to choose a nursing home. The annuity lasts ten years rather than five, and is capital protected - if

the person in care dies relatively quickly, the capital element of the annuity which has not already been paid can be returned to relatives. It is also possible to take out an annuity which increases the payment at 5 per cent per annum.

Minimum investments in these schemes are £15,000 for Clerical Medical and £5,000 for Pearl. Both have the advantage for inheritance tax purposes of protecting the parent's estate.

However, it is perfectly possible for a consumer to put together such a package without the aid of insurance salesmen.

John Authers

| CAPITAL GAINS TAX INDEXATION ALLOWANCE: OCTOBER | | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Month | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 |
| Jan. | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Feb. | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| March | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| April | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| May | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| June | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| July | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Aug. | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Sept. | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Oct. | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Nov. | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Dec. | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |

THE table shows capital gains allowances for shares sold in October.

To use it, multiply the original cost of your shares by the figure shown for the month in which you bought them. Subtract the result from the proceeds of your sale: the difference is your capital gain for tax purposes.

To take an example: you bought shares for £100 in March 1984 and sold them in October 1991 for £13,000. Multiplying the original cost by the March 1984 figure of 1.000 gives a result of £7,720. Subtracting the result from £13,000 gives a capital gain of £5,280.

figure from £13,000 means that the capital gain for tax purposes is just £5,280 - £13,000 minus £7,720.

If you are selling shares bought before April 6 1982, use the March 1982 figure as your base.

For further details, write to the Inland Revenue for their free pamphlet CGT 13 (1991) Capital Gains Tax - Indexation allowance for quoted shares.

Scheherazade Daneshkhu

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|-------------------------------------|-------------------|--------------|-----------------|--------|-----------|--|--|--|--|
| Account | | Telephone | Minimum deposit | Rate % | Int. paid | | | | |
| INVESTMENT A/Cs AND BONDS (Cont.) | | | | | | | | | |
| BS** | SuperSaver | 0273 4141 | £100 | 21.10% | Yly | | | | |
| BS | Postmaster | 0733 371371 | £100 | 11.30% | Yly | | | | |
| Coventry BS | Instant Option | 0203 282277 | £100 | 11.30% | Yly | | | | |
| BS | Edgemoor | 081 271111 | £100 | 11.30% | Yly | | | | |
| Birmingham BS | First Direct | 0800 144111 | £100 | 11.30% | Yly | | | | |
| BS | Premier | 0800 272505 | £100 | 11.30% | Yly | | | | |
| Slipstream BS | Triple Crown Bond | 0756 700500 | £100 | 11.30% | Yly | | | | |
| TESSAs (Tax Free) | | | | | | | | | |
| BS | Mosley | 0984 | £100 | 11.30% | Yly | | | | |
| BS | BS | 071 826 0679 | £100 | 11.30% | Yly | | | | |
| BS | BS | 072 742211 | £100 | 11.30% | Yly | | | | |
| BS | BS | 1331 | £100 | 11.30% | Yly | | | | |
| HIGH INTEREST CURRENT A/Cs (Cont.) | | | | | | | | | |
| BS | HICA | 021 5235 | £100 | 11.30% | Yly | | | | |
| BS | Plus | 580 411 | £100 | 11.30% | Yly | | | | |
| Fidelity | BS | 414161 | £100 | 11.30% | Yly | | | | |
| BS | BS | 0242 | £100 | 11.30% | Yly | | | | |
| BS | Current | 021 285 | £100 | 11.30% | Yly | | | | |
| OFFSHORE ACCOUNTS (Gross) | | | | | | | | | |
| Portman Channel Islands | Channel Is. Int'l | 0242 | £100 | 10.20% | Yly | | | | |
| C & G Channel Islands Ltd | Guernsey | 0242 | £100 | 10.20% | Yly | | | | |
| Alliance & Leicester (IOM) | Manxman 50 Int'l | 0242 | £100 | 10.20% | Yly | | | | |
| Yorkshire BS Guernsey | BS | 0242 | £100 | 10.20% | Yly | | | | |
| Bristol & West Int'l Ltd | Int'l Bond II | 0242 | £100 | 10.20% | OM | | | | |
| GUARANTEED INCOME BONDS (Rate) | | | | | | | | | |
| Investment | 0273 | 1 Year | 11.30% | Yly | | | | | |
| Income | 6000 | 2 Year | 11.30% | Yly | | | | | |
| BS | 021 357 8000 | 5 Year | 11.30% | Yly | | | | | |
| BS | 0273 | 5 Year | 11.30% | Yly | | | | | |
| MAT SAVINGS A/Cs & BONDS (Gross) | | | | | | | | | |
| Investment | 1 Month | £5 | 11.30% | Yly | | | | | |
| Income | 5 Month | £20 | 11.30% | Yly | | | | | |
| BS | BS | £50 | 11.30% | Yly | | | | | |
| MAT SAVINGS CERTIFICATES (Tax Free) | | | | | | | | | |
| BS | 30th Issue | £100 | 11.30% | OM | | | | | |
| BS | 5th Index Linked | £100 | 11.30% | OM | | | | | |
| BS | + Index | £100 | 11.30% | OM | | | | | |
| BS | Childrens Bond F | £100 | 11.30% | OM | | | | | |

Children's Income is a fixed rate till March 1 1991. Thereafter the rate is variable. All rates (except Guaranteed Income Bonds) are shown gross. Fixed = Fixed Rate (All other rates variable) OM = Interest paid on maturity. ** = The Rate. % = Bond. ** Interest accumulates daily. *Worthy to merge with Parents'.

Source: Moneywise, The Monthly Guide to Investment and Mortgage Rates, Withdrawals, House, Stocks, Norwich.



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MINDING YOUR OWN BUSINESS

Alternative therapy in the market place

Hilary de Boer asks Harvy Goodliffe, an Alexander technique teacher, about money

HARVY Goodliffe could not look less like one of an "alternative" therapist. Smartly dressed, clean-shaven and with not a hair out of place, he could easily be mistaken for a financial whizz-kid or a budding young lawyer.

Instead he is an acupuncturist and a teacher of the Alexander Technique, an alternative discipline designed to encourage stress-free use of the body. The lawyers and financial whizz-kids he resembles are actually his clients along with businessmen and women.

'I have no particular desire to hoard large sums of cash. I want to have enough to live on and I want to do the work well'

artists, musicians and actors.

After completing a three-year training in the Alexander Technique, Goodliffe has been in the business of helping people for the past five years. Now 29, he started practising acupuncturism as well last year — the result of three years' further study undertaken while working as an Alexander teacher.

His timing has proved advantageous. While other professions continue to suffer from the UK's economic recession, business could not be better for the accomplished alternative therapist. The pressures of the 1990s have taken their toll on people's health, says Goodliffe, who sees people with every kind of disorder, from migraine headaches to peptic ulcers and lower back pain.

Alternative therapies are increasingly gaining recognition; some are now available on the National Health Service. "What might have seemed eccentric or a luxury maybe 10 years ago is, I think, starting to be appreciated as a necessary part of life — something you need to do just to cope with your life," says Goodliffe.

There are an estimated 15,000 practitioners of alternative therapies in the

UK (the actual figure is probably larger, because many such therapists are not registered). The Institute for Complementary Medicine says the market is growing at an annual rate of about 15 per cent. Mintel, the market research company, reckons it is worth more than £400m a year.

The five main alternative therapies are chiropractic, herbalism, homeopathy, osteopathy and acupuncture. Acupuncture has 1,200 registered practitioners in the UK. Alexander Technique, with about 600 registered UK teachers, is a form of re-education: it teaches people, through a combination of gentle manual guidance and verbal instruction, to break habitual patterns of tension.

Having struggled through the early years of setting up a practice (when his income was around the £7,000 mark) Goodliffe is well-placed to make money. His costs are relatively low and he has a waiting list of people wanting to see him. Alternative therapists in central London, where his practice is, can command more than £70 an hour.

Goodliffe is nevertheless embarrassed to admit that he does not make as much as he might. He charges a maximum £40 an hour for his work, but he operates a sliding scale to about a third of that amount for people who cannot afford more. He is not in it just for the money, and says he makes "less" than £25,000 a year. Alexander therapists can make £40,000-£50,000 a year.

While Goodliffe avowedly eschews business matters, his approach to his practice is definitely professional. The number of people he sees at a subsidised rate depends on what he can afford. "I have no particular desire to hoard large sums of cash. I want to have enough to live on and I want to do the work well," he says.

He organises his time meticulously, for example, he will only take work-related phone calls at home during certain hours. When he first set up his practice, potential clients were largely phoning with queries well after 10pm. The answerphone now takes over in off-hours.

Goodliffe usually sees about seven people a day, dividing his time between teaching the Alexander Technique and



The good that Harvy Goodliffe's practice has proved immune to recession

practising acupuncture. He also teaches the Alexander Technique — organising appointments, running his own accounts — can make it a long day, especially when he also has to carry out research into complicated health problems.

He works away from home, but other practitioners and where experiences. In the early days he worked in Harley Street, London's most exclusive medical district, but now he rents space and receptionist facilities in a clinic just off Oxford Street at a cost of about £1,000 a month. Other costs include work-related courses and seminars, research material, and the thousands of disposable acupuncture needles he goes through in a year.

Harvy Goodliffe works at the Alexander Institute, 11 Bedford Square, London WC1 1EJ. Tel: 0171-408-3394.

the Alexander Institute. He has brought home to him earlier this year, a bout of glandular fever struck. Goodliffe had no insurance for such an eventuality, and while unable to work, had to rely solely on his savings.

Being ill, however, did not stop Goodliffe furthering his studies. He passed his acupuncture working on an alien for a book. Time spent in recovery also galvanised his plans to further study: an MA and PhD in the psychology of health.

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Computing
Program that promises many happy returns

THE big-name generic computer programs, the databases, spreadsheets and word processors of this world, are theoretically all anyone needs. But there are also a myriad lesser programs which solve particular problems in useful ways. Having my money in a bank, for example, the invaluable *Personal Cashflow*, I have been looking in other directions recently, in portfolio management and the filling in of income tax returns.

What is it about doing the income tax? When my husband and I embarked on life's adventure, it was vastly more complicated than it is now. Our filing system still has a long way to go. A and relevant receipts, part of every owner-occupier's life. Adding in dividends expressed in pounds, shillings and pence was a nightmare.

When I thought for a moment our troubles were over. Then for a while we employed an accountant. He was expensive, and it seemed to be just as much work getting the figures together for him as sending them to the Tax Inspector directly. Now we use a computer. And it is a awful doing the income tax.

Simple programs to calculate tax liability are available. The *Personal Cashflow* Association's *TaxCalc* is a good, cheap one. *Digit's Personal Tax Planner* has not yet been updated to take account of 1991-92 tax regulations, let alone 1992-93 ones, so for the time being that program is out of the picture.

Now there is something more sophisticated. *Systemstar* was written to the specifications of a firm of tax accountants which has been involved in running the program. It is brand new, but *Systemstar* is a publication of a well-known financial programs called *Personal Accountant*.

The *Reckoner* handles everything. The program is easy to use and specific areas which the program can

not handle. It cannot do actual accounting for a trading activity, it rule on the tricky questions of what constitutes domicile and what expenses are allowable against income. But it can still do a lot more than has previously been possible. It notably, it can handle dividend income and capital gains tax fully and will print out lists to attach to your tax return.

This program aims, for the first time in Britain as far as I know, actually help individuals prepare their tax returns. It is easy to install, negotiate. Using it is a very much like filling out an income

Jean Miles tries a package that makes life easier for tax payers

Tax return using the *Tax Reckoner* guide supplied by the Inland Revenue. The program is easy to use. It is a book with a *Personal Cashflow* book which you can use to adjust the figures. The first return you use the program is scarcely more than doing it by hand, except that the program will calculate the tax on your income automatically, and columns of figures will stay straight and not get out of hand. But after a year's hard work in doing the *Tax Reckoner* really makes life easier.

It will give you an estimate of once of tax under an over-paid. It will print a statement. From 1990, the *Reckoner* communication from the Inland Revenue which shows how your higher rate tax was arrived at. It is a list of all your sources of income and outgoings. It is brought forward in the following year so that all you will have to do next time is to type in the figures.

The *Reckoner* knows the latest tax rules for 1990-91 and 1991-92, and its Retail Price Index, necessary for calculating Capital Gains, and

January, 1982, up until the month you buy the program. Things are up in such a way that it will be easy to keep the RPI up to date and to type in the new tax rates, bands and allowances when next year's Budget is announced. I liked that aspect of things. I liked that the program will provide the figures for you. Not an entirely scientific test, but income is sufficiently various — salary, dividends, interest, earnings and so on — a minuscule bit of rent from agricultural land — to provide the *Tax Reckoner* with a workable input.

I tested this program by putting in all our income figures for 1990-91. Not an entirely scientific test, but income is sufficiently various — salary, dividends, interest, earnings and so on — a minuscule bit of rent from agricultural land — to provide the *Tax Reckoner* with a workable input.

It agreed precisely with the tax inspector about the amount of higher rate tax my husband was to pay. It failed to tell me how much I could expect under the new tax rates on separate taxation for married couples. The *Reckoner* did not know about that category of tax which the Inland Revenue calls "non-returnable", namely Composite Rate Tax (CRT) deducted from bank and building society accounts, and the national debt credit on shares accepted in lieu of dividends. It is a test which is right for rich folks who have to pay higher tax, but potentially misleading for those who have already paid too much. CRT has, mercifully, been abolished. It is very much to be hoped that *Tax Reckoner* will soon take shares-in-lieu into consideration. I will use this program again, unless income tax itself is abolished next year.

The *Reckoner* runs on IBM and compatible PCs with a hard disk or floppy disk. It costs £119.95, including VAT, from *Systemstar*, 1-3 Parliament Square, Hertford, Herts SG1 1EX.

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FOOD AND WINE

A feast of memories for epicures abroad

THE AIR in County Galway the other day was full of fantasy and reminiscence. A friend and I were sitting in the snug at Moran's, one of the west of Ireland's great pubs and oyster houses. The autumn sun streamed in through the small window. Soup and shellfish were dispatched. Fresh pints were brought.

Like the swans on the dark, cold sea outside, conversation drifted along comfortably. Truly relaxed talk knows no logic and is possessed of remarkably little structure. Especially in the snug at Moran's. We ranged through friends and enemies, dwelt on the art of compost-making, had an animated conversation about Morris Minor and pondered the ramifications of Prince Sihanouk's return to Cambodia.

Back in Moran's, we moved on to

fantasise about the ideal way to eat our way through Christmas and the bleak months beyond. Restaurants were selected. A list was made. In some respects, food had little to do with it: it was much more a question of atmosphere, a certain conviviality which, like a good sauce, washes washing and contentment gently over one.

Realistically, we had to agree that the French Officers' Club restaurant is probably no more and its wine cellar, below the Mekong, dry. The local baker, who used to make such excellent baguettes, is likely to

Kieran Cooke puts Christmas into perspective

be running an empire in France. Too, is the old Bela Vista in London, one of the great Christmas hideaways. The Portuguese manager would sing *jado* very tearfully at the Christmas dinner. The

So, instead, we move down to Kuala Lumpur for the Christmas meal in the Coliseum Hotel, bar and restaurant. Here, in the company of rather ancient, yellowing rubber planters and the establishment's mostly Indian clientele, you can gnaw your way through a sizzling

steak, the house speciality. Waiters tie bibs around your neck and lift the tablecloth as they drop the meat onto your hot plate. The meal is best washed down with amounts of Anchor or Tiger beer. The Coliseum also serves the best Singapore Sling to be had anywhere. Afterwards, you can lie down upstairs under a gently-squaking fan.

While still in Eastern parts, we think we should pop over to Indonesia and the Oasis restaurant in Jakarta. Presided-over by a venerable old Dutchman, the Oasis has more than a touch of *fin de siècle* about it. It is the sort of place you expect to see Nehru and Lady Mountbatten chatting in the corner, or bump into a Siamese princess. I found it best to visit in the company of Dewi Sukarno, but that is another story.

After a look around Borobudur in Java and a rest on the beach in Bali, we decide we had better edge back towards Europe. First stop is Istanbul. After a bottle of rather rough Turkish champagne in the bar of the Pera Palas Hotel, it would be round the corner to Rejan's.

Rejan's is run by a group of wild Russian ladies who have a decorative, old-fashioned French. If you hanker after the Levant or fancy yourself a Balkan watcher, this is the place: mahogany-covered walls, old portraits, people huddled over tables talking in long-forgotten tongues. The food is



forgettable and beware the home-produced lemon vodka. Eat the atmosphere is worth every Turkish lire.

Staying in the general area, we move south to the island of Aegina, about two hours' ferry ride from Athens. Vassili's is one of the rarest in modern Greece - a traditional taverna which has paid no heed to the tourist boards. Aegina is more favoured by Greeks themselves than foreigners on a Saturday evening. Vassili's is full of Athenian families who have houses

on the island. Vassili's is a restaurant of a man, irrepressible white hair and a friendly smile. Somehow, he always finds a hole for the regulars. In winter, the place is inside, close to the steaming kitchens. The rabbit stew is particularly good and the *remoulade* leaves your tongue in a passable condition.

On to France where Le Bistrot du Paradou near Tarascon, in Provence, is the next suggested stop on the fantasy tour. Choice is a terrible thing in a restaurant; it is only

muddles the brain but, in winter, there is a strictly-fixed menu any day.

Le Bistrot du Paradou is thrown out the window. It is a totally undemocratic eating establishment and gastronomic feast from start to finish. It is also very reasonable. It is appreciated best in the dark winter months before the Parisians and the English Range Rover crowd arrive.

In London, we decide to allow ourselves two meals. Lunch would be at Manx, in Soho, with a table

downstairs by the window, better to see the action both within and without. The hot jellied eels to start and the poached turbot to follow.

Moving ever closer to the west of Ireland, we arrive in Dublin. The Irish capital is full of rather pretentious restaurants which charge laughably high prices. The Unicorn, an Italian restaurant in an alley off Merrion Row, is an exception. Best to go on a Saturday lunchtime when the place is full of all manner of risky characters, tipsters and parliamentary deputies to the fore.

We have hurried back to Ireland because by this time in the Christmas tour, what with various deviations and missed connections, it is probably April. That means it is the last month for the tour in Ireland until another "X" pops up in the month of September. So, we return to Moran's where Willie Moran, who runs the place, used to be world oyster-opening champion. He can do 30 in one minute and 31 seconds.

Thinking about that on a global scale has been exhausting. How to raise the funds to turn the Christmas tour into reality is another matter. Perhaps it is best to put your faith in Santa Claus or let the swans outside, drift off into the twilight.

Moran's, The Weir, Killorgan, Co. Galway, tel. 091-96113; The Unicorn, Merrion Court, Dublin 9, tel. 01-234-0324; Le Bistrot du Paradou, nr Tarascon, Provence, Rejan's, nr Istanbul, Vassili's restaurant, in central Aegina on the road to Agia Marina. Any self-respecting taxidriver in Kuala Lumpur and Jakarta will oblige with directions to the Coliseum and the Oasis.



Excuse me, sir that's my hat

Nicholas Lander on the client, the coat and the cloakroom

WINTER brings another potential battleground between restaurateur and customer - the cloakroom. During spring and summer most are little used and, as the change in the weather, the cloakroom attendant may have left, bored with the inactivity and lack of tips.

Suddenly, there is an avalanche of coats, a forest of black umbrellas, and a mountain of bags. Some containing papers vital to the earth's future, need to be safely guarded, or so the owners claim. How can they be looked after and what are your rights if they are not?

Considering rights and responsibilities one point has to be made. Whatever any restaurant may do, we do not take enough care of our possessions when handing them to complete strangers for safekeeping. We scarcely glance at the raffle when we take a security. After a good meal we simply forget what they came with, others discover a day later that they are wearing the wrong

The restaurant still has an initialised suit hanger with a complete set of identification. In his safe, a gold and platinum signet ring. The owner phoned me to say it but never bothered to collect. Most restaurants have a good collection of spectacle and, from time when it was raining at 1pm but not at 3pm, a score of umbrellas.

Many restaurants fail to see the importance of the cloakroom when they open for business. There is no ideal location. If it is beyond the reception area, it can cause serious congestion in the restaurant, if it is in front of reception, customers without bookings can leave their coats, find the restaurant full and then have to retrieve them somewhat disappointed.

Fewer still realise that looking after the customer's belongings will actually cost money. Restaurants will be insured against such loss, many with Paul J. Geoffrey, a firm of north London brokers which has devised a commercial public liability policy, called "Menu", specifically for restaurateurs.

A policy, covering £20,000 of customers' belongings with a £250 limit, will cost a premium of £100 per year.

That may be a small price to pay. The disappearing coat is upsetting for customer and restaurant. According to Roger Lewis, a London solicitor, the restaurant is on the restaurant to show that, if a member of its staff has taken the coat, it has not been negligent in looking after it. If, as happens in many small restaurants and pubs, there is only a communal hat stand and the customer leaves the coat, the restaurant is not liable for loss or damage.

The ubiquitous notice disclaiming management liability for loss may be effective if it is prominent, explicit and reasonable. But, if the restaurateur tries to enforce this, he or she can end up by losing the customer as well as any eventual case. If it does go as far as the courts, or is settled by insurers, no account is made for any emotional loss and, unfortunately, it is inevitably a customer's lost coat that has vanished.

What can you do to prevent your favourite coat or bag from going missing? The initial and most obvious action is that you personally take better care of your possessions and make sure that all your items are covered by an individual insurance policy.

Then, try to minimise the risks. Avoid bulky coats, black umbrellas and boring briefcases. A number of restaurants are improving their cloakroom systems by replacing the raffle with laminated cards which carry the restaurant's name with the words "Property can be returned only in exchange for this ticket."

One restaurant fines its attendant if cards go missing and has not had a claim for a lost coat since the scheme began three years ago.

Finally, if your coat, bag or umbrella does go missing, do not take it out on the attendant. They are usually working for pin money - although not bad pin money. A busy shift can yield £50 in tips.

Always ask for the manager on duty, who should be aware of the restaurant's moral and legal responsibilities. While he is taking your details, the cloakroom attendant may be dealing with the customer who has just walked back into the restaurant wearing your coat which, for minimum risk, should be any colour other than black... or grey, or navy.

SINGLE HIGHLAND MALT SCOTCH WHISKY.

GLENMORANGIE

GEORGE MACKENZIE. Mashman.

IT WAS CHRISTMAS EVE, and the annual Glenmorangie party was in full swing. Somewhere a door opened. A sudden waft of icy Firthside air provoked a flurry of goosepimples. And a briskly pedalling figure disappeared into the mist outside. 'Who was that?' asked a visitor. 'Oh, only George Mackenzie. He's away up to the mash-house to tend the mash.'

Even those who do not work at the distillery know of George's dedication to the mash. Ask him why Christmas Eve, Burns' Night, even Hogmanay he will give up all to be with his charge, and he will reply: 'Time and the mash wait for me man.'



HANDCRAFTED by the SIXTEEN MEN of TAIN.

Long day's journey via Ulan Ude

AFTER A vigorous snow-battle fight in the heart of Russia I wandered off down the platform at Bogatol. Dazed by the cold, I suddenly sensed the dark-green shape of a Trans-Siberian train.

With a running jump I pulled myself up the high steps of a carriage, attracting the scornful glance of a lady attendant, the *provodnik*.

At Ulan Ude, 5,647 kilometres from Moscow, the temperature was 18 below, the snow ankle-deep. Passengers trod cautiously at Ulan Ude, looking for a stall selling hard bread rolls or pinenuts. As the train continued its relentless journey, it swept away the snow from the corridors. In the rocking, swaying carriages, coal-fired boilers created a thick fog, hot enough for travellers to walk around in short-sleeved shirts.

My companions from Peking to Moscow were three lads from Liverpool spoke of from Thailand. Henri, the German charmed the women on the train. As the train drank its way to Moscow, the sight of four men living together for six nights on a Saturday to 2pm the following Friday, was a pretty one.

We dined in the restaurant car, which functioned at odd times in a haze of steam and grease. It seemed to run on Moscow time, five hours behind local time, and was dominated by a Russian controller of food who doled out *khachapuri* rice *khachapuri* a day, supplemented by brown bread and wholesome *borscht*. Gristle floated in the purple liquid. Eggs and fizzy apple juice were dispensed in return for Marlboro cigarettes.

I returned to my carriage in the Friendship train. As days went by, the compartment filled with silvers, half-eaten soggy tea bags, drained empty *khachapuri* bottles, old tins of pear halves and soggy butter-cream biscuits.

In the early mornings the sight of the fifth and I thought of more *khachapuri* brought me dreams of my farewell *khachapuri* at one of Hong Kong's most exclusive hotels.

I spotted a tablecloth. I had dined on succulent, twin-checked mango, smooth creamed mussels and a perfectly coddled *khachapuri* hiding under a pile of *khachapuri*.

The *khachapuri* ended abruptly in the passport control

queue at Hungnam railway station, waiting to leave Hong Kong. I passed my first three hours to Guangzhou recovering from champagne watching Hong Kong's tower-blocks vanish at the Chinese border.

A horde of vicious taxi drivers surrounded me in Guangzhou, demanding to be paid in Hong Kong or US dollars. It was not an inspiring *khachapuri*, and I with relief that I boarded the 35-hour. No *khachapuri* to Peking.

Hard class on Chinese trains is a six-bunk, open compartment. Edifying music roared from a loud-speaker. My *khachapuri* Kong Chinese police companions *khachapuri* pot noodles *khachapuri* brewed instant *khachapuri* from

A Trans-Siberian journey is tough, says Simon Vail, but British Rail is something else...

sachets while an aunt and her niece inspected *khachapuri* patterns in my jumper. A Chinese doctor, returning to Peking, became more and more *khachapuri* to two English women.

After a frantic week confirming tickets and queuing for hours for a Russian visa, the Trans-Siberian seemed an orderly haven. The train was overwhelmed by drunken Polish businessmen, cramming their compartments in bursting with huge *khachapuri* of silk and *khachapuri* jack-

ets for *khachapuri*. Champagne Christoph, a burly Pole, shared a compartment with three English travellers. Christoph had 5,000 ballpoint pens which he planned to sell in Poland. Trade was brisk on the train. The US dollar *khachapuri* four times the official rate. *khachapuri* watches, army *khachapuri*, knee-length *khachapuri*, fur hats and *khachapuri* boards. At *khachapuri* people would *khachapuri* to buy training *khachapuri*, *khachapuri* and *khachapuri* watches, no matter how old.

My plans went wrong in Moscow. I had nowhere to stay and there were no reservations available for Budapest, said the Intourist booking office. I could not stay in the Intourist hotel since my transit visa

had no Moscow stamp, but if I paid for three nights' luxury accommodation at \$189 per night Intourist might stamp Moscow into my visa. I said I would return to the railway office and see if it was possible to find a reservation.

The alternative booking office was a scrum of dispirited people. A man from Omsk, trying to emigrate to Israel, attached himself to me in return for English practice. The helpless westerner was found a place to Budapest. All seemed well, but my 10-day visa was set to expire on the 35-hour ride to the border. However, an extension was speeded by a letter from the British embassy.

At the Hungarian frontier the searching was thorough, the guards checking floor compartments and tramping along the roof of the train. My Armenian companions had their binoculars confiscated, and a mysterious Russian who had spent the journey reading Walter Scott was taken off the train.

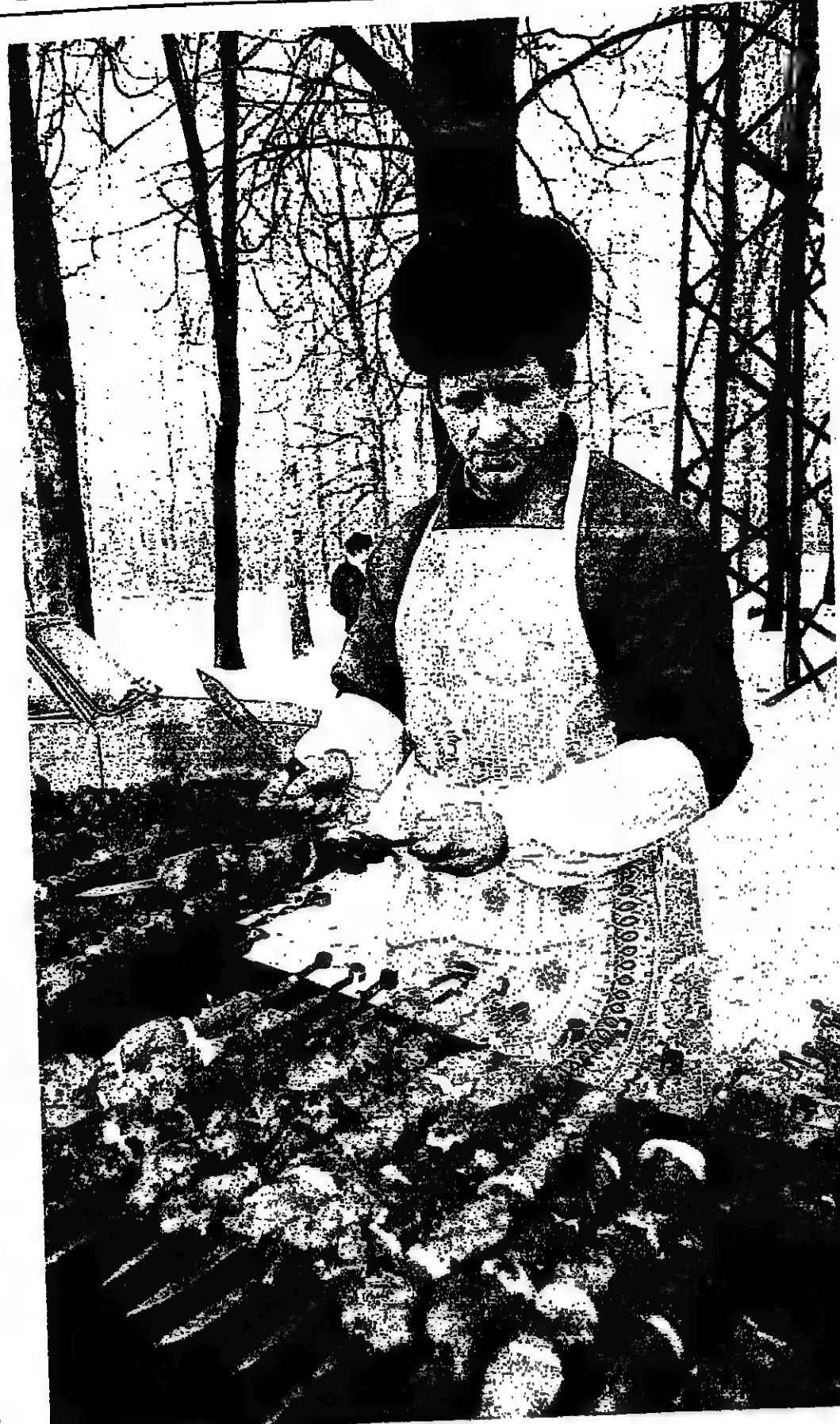
In Budapest I ate a kilo of tangerines and took the Orient Express for Vienna, where I sank into the opulence of the Hotel Sacher. Austria, Germany and France were swallowed up by the Orient Express and the gliding quietness of wagon-lits. The ferry *khachapuri* chopped through a grey English channel and landed at Folkestone.

Here I was confronted by British Rail and the dirtiest carriages of all. The train shrieked and groaned up the hill to the main line, driving one earnest man to St Mark's Gospel and an Australian to nervous smiles. Mindless music, and a cancelled 3.47 to Orpington, greeted me at Victoria.

Undaunted, I strode into the Savoy Hotel for tea at 4pm. All did not go smoothly. "You have a reservation? No?" said a disagreeable receptionist. "You have a tie? No? You cannot take tea without a tie."

Undaunted, I took out with a pink double-breasted jacket, a weary *khachapuri* and snuffed at my scuffed shoes. Office parties babbled and formidable dames from the *khachapuri* inspected their young London relations. Fifteen thousand kilometres began to slip away, but only after specially-ordered cucumber sandwiches and a glass of champagne.

An invaluable *khachapuri* in the Trans-Siberian guidebook is the Trailblazer Publications, The Old Manse, Tower Road, Hindhead, Surrey, GU26 5SE.



A stall-holder in Moscow

Snapshot Anything else, sir?

I HAD six hours to kill between flights at JFK airport. A traveller disorganised enough to create such a wait for himself would almost inevitably be scruffy and in need of a haircut. I was.

Seeing a shoeshine stand initiated the quest. My shoes were suede but if that service was on offer, surely there would be a barbershop? After all, an international airport on a weekday is a virtual reservoir of temporarily captive affluent males, most with time to kill. Even discounting the bald and the pony-tailed, there must be a fair number who could fill in a little waiting time with a trim.

Six queries to staff inside the Pan-Am terminal led nowhere. There had been a salon at Eastern Airlines, someone ventured. Perhaps the demise of Donald Trump killed the quick trim as well? TWA used to do haircuts, offered a skycap - as if they were an alternative to cheap trips to Hawaii on the frequent-flyer programme. However, his sidekick added that the TWA service had been snipped.

Finally, the bald but obliging youth tending the Pan-Am seat-luggage office came up with hard information. He was nearly sure that someone would cut my hair at the International Arrivals Building. It was a thin lead, but with six hours to kill...

The mezzanine floor at the IAB was well supplied with shops and bars but nothing that looked like a hairdresser's salon. Quizzed point-blank, a security guard conceded that a haircut was obtainable. Down the corridor and go in at the Post Office sign.

Bemused, I headed for the post office. At the rear stood a traditional barber's chair. Finished in oxblood vinyl and chrome, it was designed along the lines of a 1957 Chevrolet. A large man with fists like hams and cauliflower ears knew what I wanted. The long straggly wisps over my collar gave it away. Juan came from South America, had three grown-up daughters at home in Queens - and turned out to be a surprisingly good barber. Enough to say that at \$25 it was three times what I pay for a haircut at home in Devon. But it had willed away an hour or two. At the end of it I looked presentable enough to bluff my way into the first-class lounge.

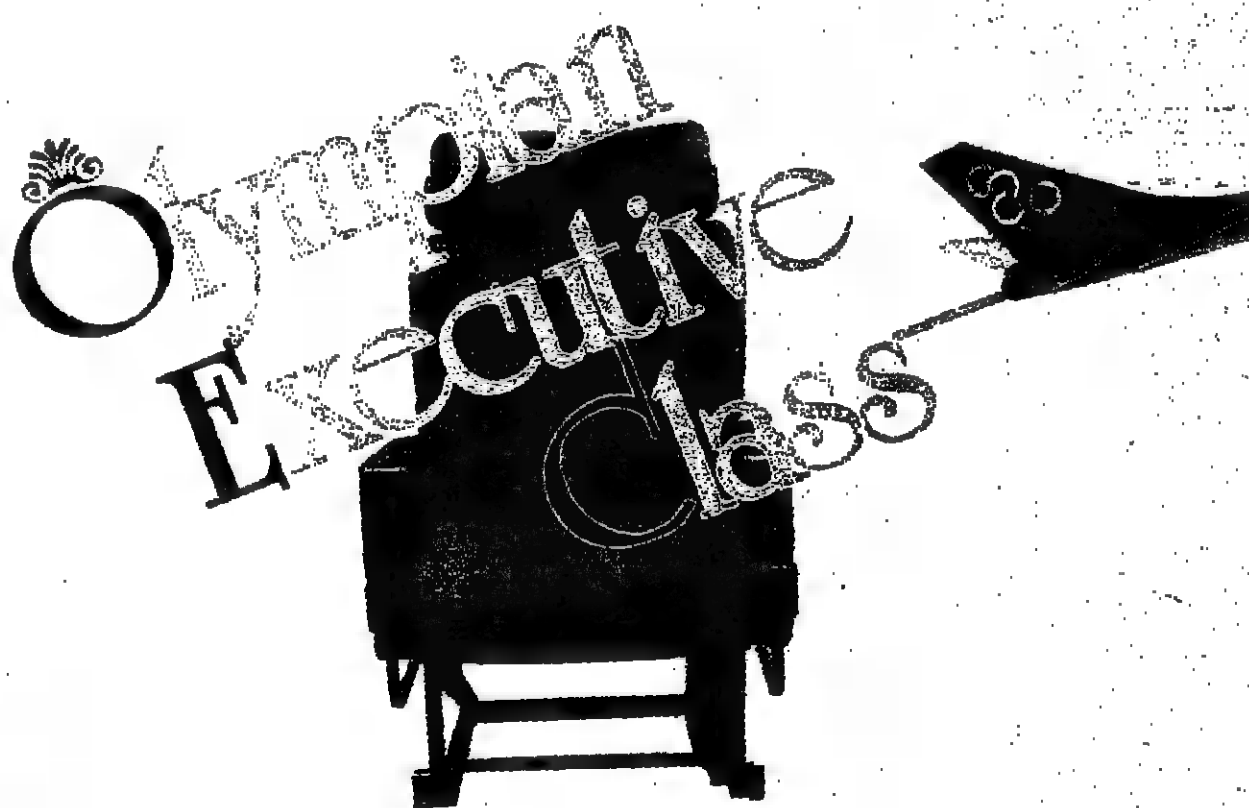
Keith Wheatley



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A truly green investment

John Brennan goes down to the woods

THREE YEARS ago Britain's highly-taxed forestry investors flushed out of the trees and shot in front of a public armed with the news that their woodland had been bought for money, not love.

As they might have created rural jobs, that they had been following orders of their accountants, wealthy tree-owners, gunned by public opinion, critics of commercial forestry attacked leafy havens. Fresh ammunition from the National Audit Office, cost/reward calculations suggested that the primary concessions, enabling investors to off-set forestry spending against other UK income, had proved a poor investment.

In the government's "provide a simpler, more widely acceptable support for private forestry," the Chancellor ended the tax shelter status of forestry for investors. Existing owners were given until Budget Day 1993 before their rights would run out. Otherwise, the 1988 Budget ended half a century of tax incentives. In future, forestry was to be treated as a "tax-neutral" investment.

At this point private foresters were waiting about the collapse of the UK's barely mature timber industry. British private forest management groups said that the ending of the income tax shelter would stop new money being invested in tree plantations. Under the old system neither private forestry investors nor the Forestry Commission had come to meet successive governments' annual planting targets. Those who predicted a crisis in forestry pointed out that the Commission would not be able to make up the shortfall in new plantings in its own right. Although a selection of new woodland planting grants offered incentives for planting in 1991 or to restock a forest, the prospects of substantially adding to the

nation's cover would be slimmer than ever without the breaks.

The critics have proved to be correct on that point. There have been many variations on the theme of woodland planting and management grants. However, most of these have been aimed at encouraging farmers to set aside surplus agricultural land rather than as part of a strategy for mainstream forestry investment. Britain remains one of the least wooded countries in Europe. Our 1 per cent cover compares with an EC average of 21 per cent.

All this paints a picture of a forestry industry hanging together until the 1993 deadline before finally hanging up. In fact, although the planting of formerly non-wooded land is now much more of a rarity than in the early and mid 1980s, there is a

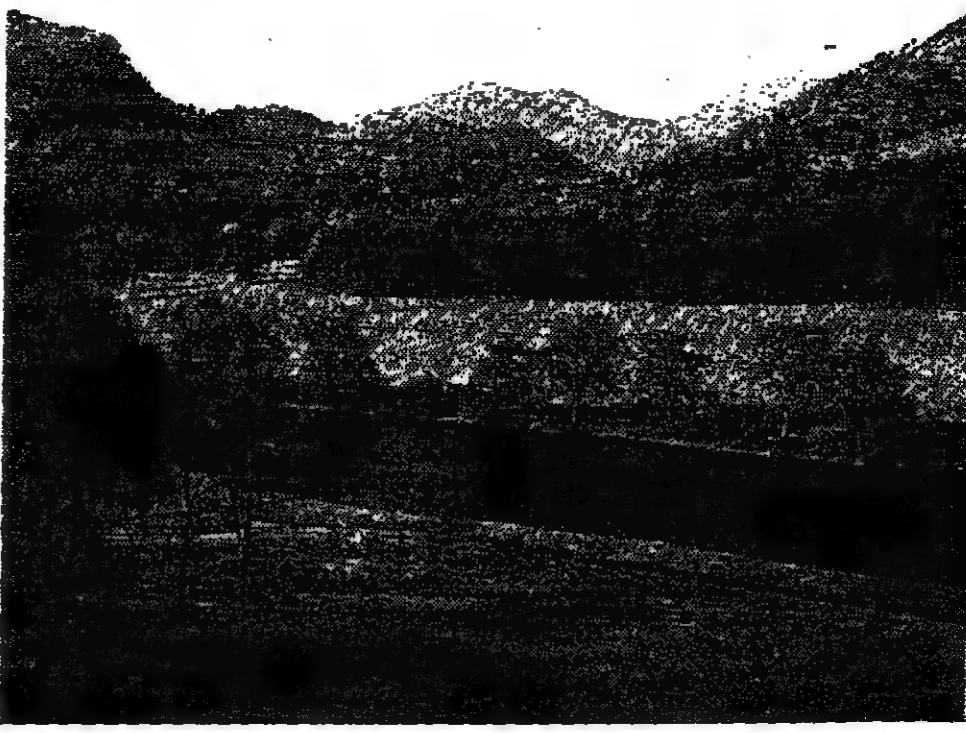
lively trade in woodlands of all shapes and sizes, and Tiltill Forest, largest of the commercial forestry management groups, has considerable reserves of land in UK forests.

The old tax breaks benefited those keen to create a charge against UK income - but the replacement grants are available to all. Equally, Tiltill confirms that a number of the UK taxpayers who used forest planting tax reliefs in the mid-1980s borrowed heavily to finance their investments. Although these borrowing costs, as well as the management costs, remain tax deductible until 1993, Tiltill reports that quite a few young plantations are now on the market.

The Forestry Commission interprets the supply of investment woodland, combined with the current recessionary in the timber prices, as providing "excellent opportunities for young plantations at remarkably low prices."

Pricing is a matter of high-actuarial science and guesswork. In practice, values are a composite of the underlying land cost and the crop value. The land is likely to be worth only a few hundred pounds an acre, or £500 to £800 or so per hectare (2.47 acres) in these metric times. The timber crop is valued on the basis of the tree type, its maturity, and the owner's view of timber values when the trees are ready for felling. After a decade and a half or so, depending on the tree, the owner may have a timber crop worth £10 a tonne that becomes worth £15 a tonne in a matter of a few extra years, and £20 a tonne before you can shout "Timber!"

There is a shortage of home-grown timber. At the same time, tree growing and harvesting must count as one of the acceptable "green" industries of the next century. On that basis, if there is an overhang of young plantations ready to be sold, the positive interpretation would be that a short-term drop in values lowers the entry cost for new forestry investors.



Wood and water: forestry in Scotland is popular for its beauty as well as its profit margin

As far as today's woodland sales market is concerned, sellers are most evident. First in line is the Forestry Commission. It has a sales target of 250,000 acres (100,000 hectares) of woodlands in the 1990s. That might be revised in the event of a change of government. Otherwise, it acts as an informal regulator on the market; there will be no shortage of big woods or small in the foreseeable future.

Those keeping a close eye on their 1993 tax deadline will provide the pure investment buyer with the nearest in this industry - the residential property equivalent of a forced sale. But bargain hunters would find forestry a frustrating market. As Colin Gee, forestry specialist John Clegg & Company, makes clear: "This is not an area where there are real forced sellers. People who invest in woodland do so in addition to their other investments. They have their pension fund and their various investments and they tend to come to woodlands after that."

As for buyers, at the top of the range the biggest of the higher forests of Scotland tend to be of most interest to "neutral" investors, such as the pension funds and other, non-visiting owners from within and beyond the UK. At current prices they can expect a real return of 5 to 6 per cent.

Scandinavian buyers have been particularly active in the

Scottish woodland market. The ending of currency exchange controls in Sweden opened the market to less wealthy individual investors and to private-buyer consortia.

Where Colin Gee and his forestry sales agency colleagues have an edge on their country agency colleagues is that, without having one house as a focus for an estate, the true salesmen can respond to the market by "lotting" estates into units of a more saleable size. That is how John Clegg can offer the 3,993 acres of "The Over Dalgleish Forest Estate", Eskdalemuir, in Selkirkshire, complete with early 1970s-planted commercial woodlands, a 100-acre trout loch and deer stalking, for £24m, or in six lots ranging down to £50,000.

"The big sales catch the eye," says Colin Gee, "but we have found that there are few individual investors with more than £100,000 to spend. We have had one purchaser this year with £100,000 and a smaller one with more than £250,000, but most sales are comparatively small." John Clegg's average forest sale by value so far this year has been around £30,000, with the medium to larger investment estates counterbalanced by a steady turnover in smaller, "fun" woods.

Most individual purchases are of "off-cuts" from the Forestry Commission's portfolio. The Commission has odd

stretches of wood all over the UK, and a steady flow of these woods for sale each year. Most of the buyers are local. Occasionally, a town-dweller will buy a "fun" wood for the pleasure of owning one, and to take a picnic now and again. Yet even a fun wood can pay off financially by having a local woodman keep an eye on the market for fences or what-ever, with the aim of making an occasional, but steady income from timber sales.

As an illustration of costs, on John Clegg's current listings, a small eight-acre wood near Great Aylesdon, Cambridgeshire, consisting of maturing mixed sycamore, oak, and ash, is on offer for £10,000, complete with sporting rights. You could pick three lots of oak over hazel woodland, with guide prices from £7,500 for 10 acres to £22,500 for 73 acres, near Bracing on the Isle of Wight. A guide value of mid-£30,000 marks out a 22-acre oak wood, with some beech and holly, near South Moulton in Devon. Again, sporting rights are included.

As those prices show, forestry is not the preserve of the extremely wealthy. Investing in trees has been "sold" as if it were a top-of-the-range product for high net worth individuals for so long that the highly publicised ending of the most obvious tax concessions has, it seems, deterred financial advisers from seeing the woods for the trees.

How to keep hebes happy

Perseverance is the key to this plant, says Arthur Hellyer

HEBES have all the virtues bar reliable hardiness and there are just a few that almost escape even on this toughy matter. This weakness is because almost all the species come from New Zealand; even those from the South Island can be suspect.

However, some are much tougher than others. Several species can be expected to survive in Britain for a number of years, although a colder-than-average winter would destroy them. I have lost nearly all the hebes that I have ever planted, but I derive so much pleasure from growing them that I have always been willing to try again.

All hebes are evergreen shrubs and all have quite small flowers, frequently packed into spikes. Botanists call them racemes because the flowers have individual stalks, which true spikes do not. Many flower for long periods, which is a useful characteristic. It is partly because hebes are still in flower in late autumn that they are susceptible to cold, because their sap is still flowing.

Most kinds make a great mass of fibrous roots and, as a result, transplant easily and are not so drought-prone. Cuttings of firm young stems root readily in a sunny summer in a propagator or a pot of soil covered with a polythene bag. It is prudent to root a few cuttings every year if there is a safe place for them in winter: a frame, a sunny window ledge.

Among the best species are brachycephalon, salicifolia and hulkeana. I have not included species, which is one of the most handsome, because it is also one of the more tender kinds, but for seaside gardens it is outstanding, with large, glossy leaves and broad spikes of reddish-purple flowers.

Hebe brachycephalon comes nearest of all the wild hebes to being completely hardy. It makes a big, dense, dome-shaped bush covered in small shining green leaves and innumerable short, pure white

flower spikes around midsummer. Its one fault is that it is rather big for a small garden.

The same restriction of size applies to Hebe salicifolia which is even taller, as much as 12 ft, and much looser in growth. It has long, narrow leaves and white flowers carried in long, slender trails and continuing well into the autumn. These are all qualities it tends to pass on to its seedlings, which are numerous, and it is a ready ally with other hebes, including species. One of these hybrids is called Midsummer Beauty, a medium-sized bush with fairly narrow leaves, flushed with purple underneath and with broad trails of lavender flowers. Its name tends to suggest the fact that it goes on flowering long after midsummer.

Another late-flowering hebe, of uncertain origin, is Autumn Glory. It is a most useful, small, bushy evergreen with deep violet-purple flowers and is suitable for small gardens and for planting in containers. So are the really small kinds, such as the one usually sold as Paeol, which can be less than 1 ft in height.

Arguably, hulkeana is the most beautiful hebe but it is also one of the more tender kinds. It is also very different in appearance: a loose, yet erect, plant, 3-4 ft high, even more if grown against a wall. The flowers are carried in generous sprays, quite unlike the neat spikes of many hebes. Two very satisfactory hebes of bushy habit and medium-size are Great Orme, which has pink flowers, and Margery, which is similar but violet and white, and both are close to hardiness.

The hardest hebe with variegated leaves is franciscana variegata which makes a rather low, spreading bush with fairly large, shining leaves, deep green blotched with cream. The flowers are violet-blue. There is a green-leaved form named Blue Gem, which received a First Class Certificate from the Royal Horticultural Society in 1988. It is still going strong and is readily available.

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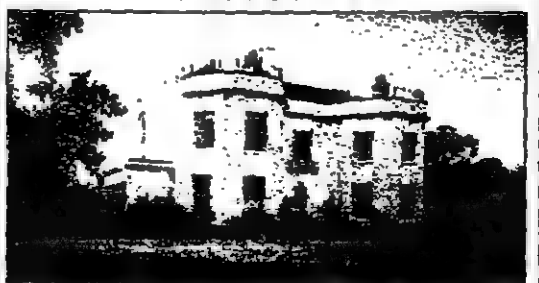
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مكازم التحصيل

BOOKS

Pagan versus the pious

A.C. Grayling on the cultural dilemmas faced by the Victorians

IT IS easy to think of Victorian culture as Gothic. The House of Parliament and the Law Courts in the Strand, the Houses of Pugin and Ruskin, the pre-Raphaelites' passion for the Middle Ages, all conspire in telling us so. But Richard Jenkyns is concerned to argue that Victorian culture is far more classical, and particularly Hellenic, than the stereotype allows; and that recognising this enhances our understanding of the Victorian mind.

In *Classical and the Victorian*, Jenkyns also has an unstated further aim, which is to place the Victorians from hostile to like

DIGNITY AND DECADENCE: VICTORIAN ART AND THE CLASSICAL INHERITANCE
by Richard Jenkyns
HarperCollins £20

Nikolaus Pevsner, the Victorian century "diseased" it with its "standards, taste and artistic". For Pevsner the decay begins in architecture with Soane, and spread in other areas, even to theology and philology. Jenkyns, by contrast, although he too finds decay among the Victorians, perceives much of value in it. He is a fine eye and a fluent pen he brings it to our attention.

Architecture, sculpture and painting are Jenkyns's themes, and the book is amply illustrated in support. But he goes beyond the outward expression of the Victorians, he explores much besides, including the views of the theorists. The essay on Ruskin fascinates, focusing on his love of Greece and his love of architecture, two passions he could not blend: classical architecture, said Ruskin, is "honest, unadorned, unfruitful". His divided attitudes reflect those of his time, which like himself was pulled between the classical and romantic, the ancient and medieval, the pagan and pious.

Victorian architecture proves Jenkyns's point about the sustained classicism of the period, as he patiently shows with the judicious help of illustrations. The same is true of sculpture, especially up to the mid-century, and painting in

both the earlier and later reaches of the century. Jenkyns is more about the underlying preoccupations of the personal as opposed to corporate Victorian mind than does architecture; the illustrations to the relevant chapters are an informative succession of naked slim girls variously chained in slave-markets, tied to a rock awaiting rescue, displaying their charms in bath or bed, or lying languorously in semi-slumber. In these attitudes there is implicit the over-riding of the end-of-century, the decadence of Jenkyns's title, sharply depicted in his accounts of Swinburne and Burne-Jones.

Classicism since the Renaissance has never been wholly displaced by rival styles, so in one sense Jenkyns's case is uncontroversial. His particular concern, though, is to show how the discovery of Greek art in the 18th century especially influenced the Victorians, and this he does convincingly, even to the extent of portraying the "taint" which the valleys return to Parnassus in advertisements for Beecham's Pills and Schweitzer's Cocoa.

Where controversy might arise, however, is over the meaning of the Gothic. The quarrel for the Victorians themselves. Gothic Revivalists saw their preferred style as indigenous; they looked back to the transcendent achievement of the medieval English cathedrals and sought inspiration there. Gothic architecture of the time is light and soaring, characterised by the pointed arch and the flying buttress, by spacious arcades and slender tracery members, by intricate tracery and yearning spires.

Much Victorian Gothic is a travesty of this. It is clumsy, affected and gloomy; it takes too much of its tone from tangle, like Gothic novels and romanticised medievalism. Still, for much of the Victorian century there was a traditional mood in favour of recovering native values, prompted by Britain's status as a world power exporting a view of itself along with its merchandise. This attitude is explored in Jenkyns's sympathies with the Hellenic, and one is inclined to agree: but he therefore leaves the Gothic case undecided.

Thunderstone ice cream country

PLACE better symbolises the Mid-American myths of abundance, egalitarianism and opportunity than any other. It is the nation's heartland, its breadbasket, the home Dorothy pines for during her journey to Oz. In it is not surprising that William Least Heat-Moon chooses to situate his second voyage into the American soul there, his first, the bestselling *Blue Highways*, having been a circumnavigation of the country's less travelled roads.

Now, with *PrairieEarth*, Heat-Moon attempts to provide a "deep map" of a quintessentially American landscape. In Kansas, populated by 3,013 counties, he reads out over 800 square miles of undulating prairie, the most of place where people drive through it with both eyes on the horizon. He calls it a desolate horizon, but it is just what the past, however. Heat-Moon is the minimum criteria for township. And yet, after years of research, Heat-Moon has made this remote county as alive with history and as human as a central London square, providing in the process a valuable if slightly flawed electrocardiogram of America's vanishing heartland.

Heat-Moon proves a patient traveller, dividing the county up into a dozen quadrants, then precisely inspecting each, turning up whatever history *PrairieEarth* is 19th-century Iowa for grasslands sold to men for grazing. Luckily for the reader, there is more than just arrowheads to be found. Historically, Kansas County was as dead as anywhere in the westward-travelling settler. Tales of remarkable hardship and courage were shot through with grim humour, such as when a hungry hunter shot a woman's head off a frontier woman's head and demanded she feed them from her simmering head in vain she tried to tell them that it was soap, not a head. The Indians wouldn't be put off. He fed them, each in turn taking a single spoonful, nodding sour thanks and wandering off, vowing no doubt to eat white again.

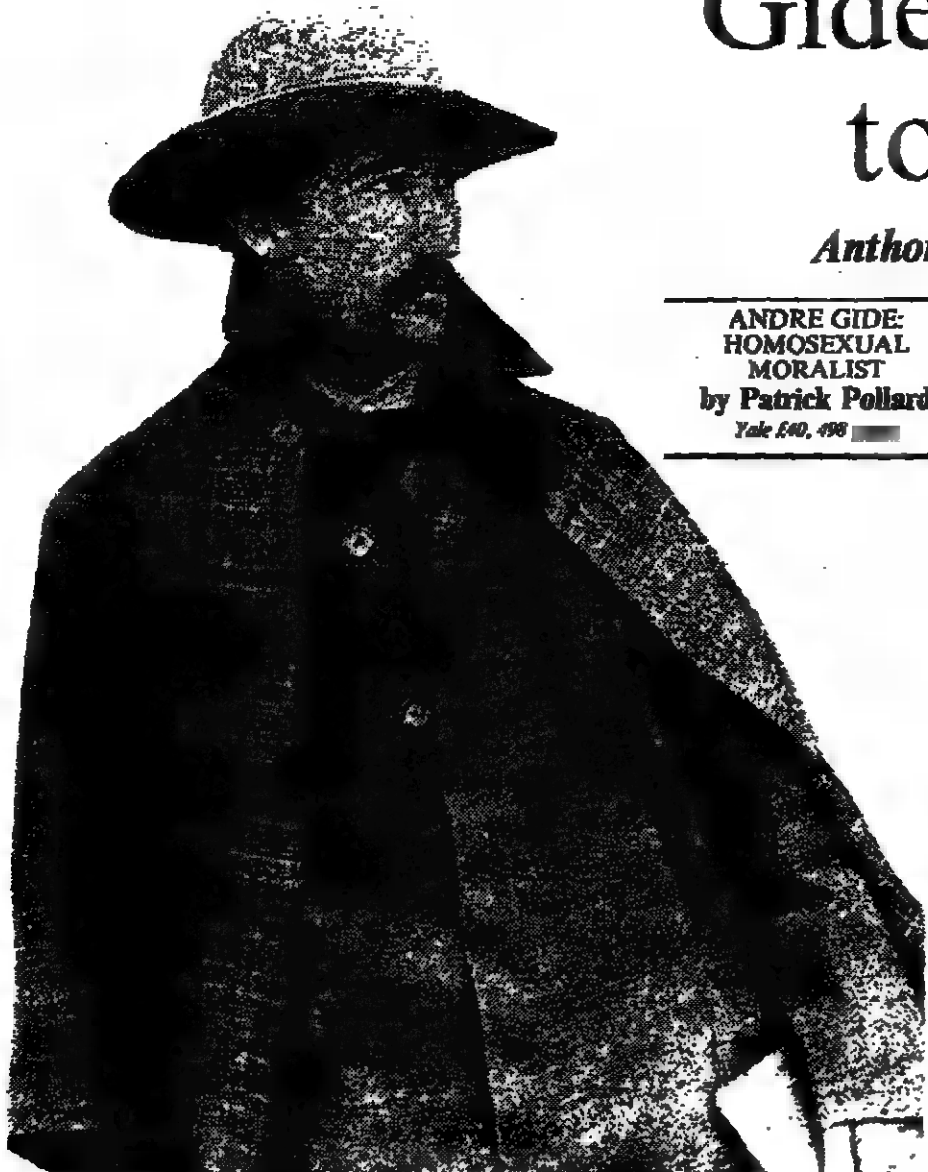
PRAIRIE EARTH
by William Least Heat-Moon
Andre Deutsch £17.99, 624 pages

We learn that the county's eccentric founder was a key link in the Underground Railroad for runaway slaves; that America's most famous football coach, Knute Rockne, died in a mysterious plane crash in the county's sky; and that a popular from the dish was thunderstone ice cream, made from the large hailstones characteristic of Kansas storms. Through these shards of history a picture emerges of a people not unlike the bluestem grass of the prairie, still a first generation, and yet individual on closer inspection, bent to bend but impossible to break.

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Stephen Amidon



The young André Gide

Gide: the courage to come out

Anthony Curtis on a genius obsessed

ANDRÉ GIDE: HOMOSEXUAL MORALIST
by Patrick Pollard
Yale £40, 496

IT WAS to the young Gide that Oscar Wilde is supposed to have said he had put his talent into his life. Whether or not that is true, it is a fact that the two writers did have several meetings. Richard Ellmann considered their relationship to be so important that he wrote a separate chapter on it, "Corydon and Ménalque", printed in *Wilde's Letters*. Their first encounter was in Paris 1891, well before Wilde's downfall, when he was 35 and Gide 22. Gide was enormously impressed by Wilde's conversation at the dinner-table. He compared it to a "flood of Valéry, with Baudelaire's

Then they met unexpectedly in Florence in 1894 when Wilde was with Bosie (Lord Alfred Douglas), and again the next year - that terrible one for Wilde - in Algeria. Let Ellmann tell us what happened on January 30 when Wilde was 46 and Gide 25.

"Wilde took Gide to a café, where Gide was captivated by a young Arab boy playing the flute. Wilde asked him, 'Dear, handsome, is petit maître?' and Gide, in the most cheerful of voices, said yes. Wilde burst into laughter and made the arrangements. Gide had previously only had one homosexual experience, but now he felt he had discovered what was normal for him. The next morning Wilde left for England, and Gide turned out for obligatory prison."

Four years later, Wilde married his cousin Consuelo. Madeleine had the same maiden name - Bosie's - as Wilde's mother Juliette. Mme Gide, who had opposed the marriage, had been so much earlier. It was the last time that Gide married his mother, but he certainly had married the Protestant ethic she so rigidly upheld.

He spent the rest of his life alternating between rebellion against, and obedience to, his precepts. Gide's marriage, never consummated, was the victim of this at the turn of the century. Pollard deals fully with these cases as well as with the real literature surrounding them. He also deals with Gide's reading of the Bible, the Greek poets like Homer, Shakespeare, Goethe, the 19th-century novelists and philosophers, Lautréamont, and the contemporaries like Marguerite Yourcenar, Cocteau, whose work Gide loathed - "How he plays to the gallery!" - is mentioned in a couple of places.

In addition we are given an explanation of Gide's own works from his early *Notes on the Voyage* in the *Le Temps* with particular reference to his major novels *Les Faux-Monnayeurs* (The Counterfeiters) and *Les Caves du Vatican*.

Indeed no stone is too small for Pollard to leave unturned. Such conscientious scholarship makes for an exhausting, as well as an exhaustive, experience for the reader. Nonetheless, by the end Pollard leaves us in no doubt that a homosexual obsession was the integrating factor in the diversified body of Gide's work. Gide was, after all, the first modern European writer of stature to come out as being homosexual and it took great courage. Unlike Wilde, Gide was determined to put his genius into his work and his life. He was a man of letters, there was no distinction between them.



Simone de Beauvoir: *Passage*, a new collection of Irving Penn's photographs (Jonathan Cape £20)

Mistress of manipulation

Michael Glover reads Simone de Beauvoir's letters

"THIS CONJUGAL LIFE" is especially absurd because it implies eternity; the days are greyscale in the perspective of an endless repetition - which is, however, simultaneously rejected by circumstance and by my own heart..." This curiously tortured sentence appears in a letter written by Jean-Paul Sartre from America in 1945 in which Simone de Beauvoir painstakingly analyses her affair with the Chicago novelist Nelson Algren. They were going badly between them (de Beauvoir and Algren, that is), and her attachment is tantamount to a final dismissal.

What is especially interesting in the letter is the mixture of personal confidence and abstract terminology that might have been at home in a work of analytical philosophy: something written by Sartre himself, for example. This is, however, the hallmark of their epistolary relationship in these letters, a curious mixture of passion and dispassion; an ability to stand both inside and outside the self; a bewildering mixture of the beloved companion whom one is cuckolding, and a cold, almost clinical, ability to dissect her own innermost impulses as if she were both patient and surgeon simultaneously.

The *Letters* and de Beauvoir had been enjoying their "motivated" marriage for 20 years, a companionship interrupted only by holiday, and this own literary celebrity which, as the years passed, obliged them to respond to countless invitations to speak, teach, and commentate throughout the world.

The first third of the book (from 1919 until the outbreak of war) is by far the least interesting. It is an interminable account of de Beauvoir's walking holidays in France. By 1939, the pace has quickened. Sartre is now serving with the French army in Alsace; de

LETTERS TO SARTRE by Simone de Beauvoir, translated and edited by Quintin Hoare
Hutchinson £16.95, 331 pages

Beauvoir, alone in Paris, experiencing the horror of the Phoney War - a mixture of dread and terror: everything is about to happen; but nothing is in fact happening. Her state of mind, conveyed in long, daily letters, is a curious numbness: "I am a consciousness withdrawn from happiness and unhappiness." She experiences the sense of Sartre's absence as violently as he later described it in that famous passage from *L'Être et le Néant* where he walks into a café and is confronted by the overwhelming sense of the absence of an anticipated friend.

When war breaks out, the letters come alive with telling details of wartime Paris: that sudden shock of meeting policemen on bicycle patrol as she threads her way home through streets dark as tunnels; the suspicious old woman who is occupying by train, encumbered by the family silver; the familiar faces painted blue; the passers by with their gas masks slung over their shoulders.

These wartime years were ones of furious literary activity for Sartre himself. *La Nausée* (1938), *Le Mur* (1939), *L'Être et le Néant* (1943), together with work on *Les Champs de la Liberté*, the first volume of which, *L'Âge de Reason*, was to be published in 1945. Yet de Beauvoir's letters are, for the most part, strangely lacking in discussion of literary or philosophical matters, we are more likely to discover where and what she ate - and how she was manipulating - than how her conscience was wrestling with the moral problems of the times.

Horror

When the devil comes to town...

HOW TO kill a vampire? How to kill a werewolf? How to kill a zombie? These are the questions that King's particular genius was to combine the conventional trappings of the Gothic - vampires, werewolves, and ghouls - with the shopping mall culture of middle America. The Gothic has always allowed the untamed monsters of the id to roam free in fictional form. In King's work these benighted creatures range through the motel hell of American suburbia giving expression to all the terrors and repressions of the American middle class.

King's first successful book, *Carrie* (1974), was a study of the pubescent horrors of high school life. His best novel is undoubtedly *The Shining* (1977) an unforgettable account of alcoholism and insanity which, apart from the crowd-pleasing gory and ending, remains a true classic of contemporary Gothic.

In a consumer culture any kind of artist runs the risk of increasing his consciousness

and self-parody and King has proved more vulnerable than most. Unable to accept his limitations as a great genre realist, he has been infected by post-modern theory and his later books have become absurdly self-referential. *Misery* (1987), for example, explores the tortured relationship between a popular writer and his fans in his own editorial staff of the *Dark Tower* (1989) imagines a pseudonym (such as King) coming to life and writing the original author.

His new novel *Needful Things* (Hodder & Stoughton £15.99 693 pages) is set, as is much of his earlier work, in the imaginary Maine town of Castle Rock. The devil comes to town as the proprietor of an antique shop and proceeds to sell whatever one most desires - nights with Elvis Presley, rare baseball cards - in exchange for small, apparently inconsequential acts of evil. Much of this is just fodder for the fans, a novella bloated to vast size by lengthy, pointless characterisation and home-spun homilies about greed.

Predictably, King now seeks to destroy Castle Rock and can only do so by summoning the demons of his previous novels, thus plunging the critic into a nightmare of Gothic intertextuality.

England has some excellent horror writers, one of the best being Graham Masterton. Masterton's greatest strength lies in his use to anchor fantasy in some scrap of anthropological or mythical lore - Arcturian, Druidic, alchemical. Far from being comic this gives the books a solidity often lacking in a genre which tends towards authorial perversity and self-indulgence. The gothic mode is frequently adolescent and narcissistic in its focus and Masterton is unusual in maintaining a sexually mature character.

His new novel, *The Hymn* (Macdonald £12.95, 345 pages), is Masterton at his best. It is a tale of a man who is taming and controlled. It is a tale of a man who is taming and controlled. It is a tale of a man who is taming and controlled.

Masterton is, like Stephen King, a writer who can write a horror novel and can choose to work in fantasy rather than struggle in mainstream fiction. Unlike King however, he has no delusions of grandeur about what he is doing.

With *Jago* (Simon & Schuster £14.99, 304 pages), Kim Newman shows himself to be one of the more promising of the younger British horror writers. This is another story based on a wisp of history. The *Anglophone Community* was a thinking religious cult founded in Somerset in 1946. Newman updates this into a modern cult centred around the charismatic personality of the Rev. Anthony Jago, a powerful psychic with the ability to induce mass hallucinations. Newman is able to investigate the fascinating subject of cult leadership and the sexual and sexual and also, as the book is set at a yearly festival held in the cult's grounds, to indulge his popular culture. As the

rural apocalypse comes down and alien vegetables and Martian war machines appear, the novel leads increasingly towards the uneven and chaotic; magical realism needs a very strong controlling imagination. However, in general *Jago* is of a much higher standard than most book length dark fantasy.

Kim Newman is in the field Ramsey Campbell and Stephen King's yearly anthology *Best New Horror* (Robinson £7.99, 304 pages) is a reliable introduction and a guide to the year's publications. Ramsey Campbell is himself the most sophisticated and highly regarded of British horror writers. His new novel, *The Count of Eleven* (Macdonald £12.95, 304 pages), is a tense and disturbing account of obsessive compulsive disorder, proving yet again that the horror novel is much more than a non-fantastical writing that directly relates to contemporary life.

Our annual Literary Competition

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Think of the kind of small ad. to be found in the "Personal Columns" of cultural magazines like *The New York Review of Books* and the *London Review of Books*. You should like to receive some examples of advertisements that might be inserted by some of the famous writers of the past (or of today) but which out for (libel).

For example: Emily Brontë - "Yorkshire-bred spinster in her middle 20s, fond of walking, riding and the outdoors in general, and fatigued by too great proximity to her clergyman father, good-for-nothing brother and dutiful sisters, needs a dynamic male companion."

Charles Dickens - "Busy professional writer and communicator, estranged from wife, would like to meet young woman with theatrical ambitions with the view to developing mutual interests."

2) HAIRKUS

At the F.T.'s final contribution to the Japan Festival, let's have some hairkus about life today. This verse-form consists of nine lines of five syllables, then one of seven, and then one of five. Here is an example from *How To Be Well-versed in Poetry* (edited by E.O. Parrott, Penguin, £5.99) by the great Stanley J. Sharpless. "Don't touch that fruit; Eve! Oh my God - she's disobeyed! Cosmic disaster."

The closing date for both competitions is close of play Tuesday December 18. Entries should be addressed to:

The Literary Editor, The Financial Times, No 1 Southwark Bridge, London SE1 9HL.

You may also fax entries to: 071-873 3377.

Results, winning entries and a full report will be published in the Financial Times on December 28, 1991. The first prize for each competition will be £100 and there will be several lesser prizes.

Elizabeth Young

ARTS

Mozart: in at the death

Andrew Clements finds books to mark the bicentenary next week

BOOK PUBLISHERS have treated the Mozart bicentenary with their natural caution. The record industry may have received the anniversary as a providential gift, allowing it to flood the market with new releases and recycled cycles in a way that hardly recognises the word "recession", but there are not many British book houses that look to their serious music lists as a huge source of revenue.

When one sifts out the dross - So and So's inevitable Life of Mozart, where So and So introduces music programmes on TV or radio - the significant additions to the Mozart literature in English this year have been relatively few. The fruits of the countless Mozart conferences and seminars held during the year are going to take a couple of years to reach a wider readership, and an interesting characteristic of the current Mozart bibliography is the absence of an authoritative and all-embracing critical study, as if the subject seems too vast and awe-inspiring to be anything less than a life's work, and is more comfortable treated within specialist works.



Portrait of the young Mozart

That is not to underestimate what has appeared in 1991, even if some of the offerings have only marginal usefulness. R.C. Robbins' *Mozart and Vienna* (Thames and Hudson £16.95, 208 pages), for instance, seems to me very thin. Bicentenary here, in scope and originality not a patch on London's earlier study of the composer in the 1970s and his chronicle of the last year. Neil Zaslav and William Cowdery's *The Complete Mozart* (W Norton £19.95, 388 pages) is a curious offering too, a collection of disparate programme notes on every single one of Mozart's works, arranged in order of their Köchel number. There is, too, *Mozart and the Wolf Gang* by Anthony Burgess (Hutchinson £12.99, 148 pages), described by its publisher as "a serious attempt to reconcile the major loves of Burgess's creative life, music and literature", and by me as footling, vulgar and impossibly self-indulgent.

On a far more exalted level Cambridge University Press has added two of the remaining mature works into the fold of its Opera Handbooks, with volumes on *The Magic Flute* (£20/£9.95, 283 pages) and *La Clemenza di Tito* (£20/£9.95) - with *Idomeneo* to come next year, offering the best possible fusion of accessibility and

scholarship. Complementing rather than replacing those fundamental monographs, Daniel Heartz's *Mozart's Operas*, edited and supplemented by Thomas Bauman (University of California Press £25, 300 pages) is one of the most important issues of the year, a handsomely produced and illustrated collection of essays by one of the most distinguished of current Mozart scholars. It is a mixture of old and new - famous essays, such as Heartz's exposition of *Idomeneo* are reprinted or revised alongside newly written chapters on *Entführung*, Mozart's librettists, *Don Giovanni* (including a fascinating iconography of the dances used in the first-act finale) and *Così*, while Bauman contributes a study of the instrumental music of *The Magic Flute*. The mix is wonderfully stimulating, and balances erudition with literary elegance and a finely graded perceptive wit. "Maybe they are beyond schooling", he suggests of Flordiligi and Dorabella at the end of *Così*, "but the men are not".

Gerhart Gruber's *Mozart and Paganini* (Quartet Books £25, 280 pages) is an English translation of a study that appeared in German six years ago, tracking the development of the Mozart legend across the two centuries since his death, right up to the commercialisation of *Amadeus* and the heavy-duty promotion of the record companies. It is a solid, comprehensive survey and just a little dull, preferring to offer an all-embracing chronicle rather than a more selective and stimulating commentary on the Mozart phenomenon.

Gruber's book is made to seem more than necessarily dull by the appearance of William Stafford's *Mozart's Death* (Macmillan Press £25, 272 pages) which offers a brilliant analysis of the events surrounding the composer's final days, and shows how the legends that we impute to him grew and burgeoned until they informed every aspect of our image of Mozart, the divinely gifted musical genius. Stafford targets and explodes each of legends - around the character of the man himself, his immaturity, profligacy, and the chronicle of the last year. Neil Zaslav and William Cowdery's *The Complete Mozart* (W Norton £19.95, 388 pages) is a curious offering too, a collection of disparate programme notes on every single one of Mozart's works, arranged in order of their Köchel number.

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Thomas Edur as the Prince with the Snow Queen, Agnes Oaks

Music

Noisy Prokofiev

SINCE the Barbican's centenary festival of Prokofiev is steaming triumphantly towards its terminus, this seems a fair moment to blow a whistle. The programming and the soloists have been first-rate. The conductor throughout has been the cellist Rostropovich, who can boast long and deep acquaintance with the composer and his music. Now, as a cellist Rostropovich is worth his weight in gold; the expansive personality carries over into his conducting, but nothing like the technique, and in the weighing-up there has been an excess of buoyant flab.

Last Thursday his account of the Sixth Symphony was loudly heartfelt, but too loosely strung to do it symphonic justice. This Thursday he conducted the two maelstrom symphonies, nos. 3 and 4 - one drawn fairly directly from an opera Prokofiev despised of getting staged, *The Fiery Angel*, and the other a less reworking of material from his *Prodigal Son* ballet. No. 4 lacks all conviction and Rostropovich did no worse than to make that all too clear.

No. 3, however, is a weirdly potent and hallucinatory score, whether it counts as a "symphony" or just a dressed-up operatic suite. I love it. For long stretches here, it was merely loud (very loud) and thick - especially in the outer movements, so ill-balanced and under-pointed that vital punctuation and even some of the main thematic stuff sank amid the general hubbub.

Rostropovich seemed to be conducting only the strings, urging them on with grand gestures: pleading for more

Russian passion, as I read him, but since British string-sections do not have that on tap they just played louder. The winds, left to fend for themselves, delivered efficient solos but otherwise sounded unfocused and under-rehearsed. This obsessive, visionary music needs far more professional finesse, which may be confidently expected from Edward Downes in April when the Royal Opera at last mounts *The Fiery Angel*.

The saviour of the evening was Martha Argerich in the 3rd Piano Concerto, brilliantly speedy and lithic, mean Rostropovich followed her as closely as he would a fellow chamber-player, and yet even here the scamped orchestral details were legion - disheartening enough to account for the fact that Argerich shot none of her usual insights into the music, as distinct from the pianistic challenges. Wistfully, one remembered Dmitri Alexeev's searching imagination in this work a few years back. And not by accident: for on Wednesday he and the violinist Dmitry Sitkovetsky had given a superb concert in the festival series.

In Prokofiev's F minor Sonata, their judicious colorations and their strongly contained drama made a profound effect. With the solo piano *Visions fugitives*, in which Nikolai Demidenko's super-polished sculptings and shadings have been much admired lately, Alexeev reminded us - masterfully - that they also sing, and dance, and that every one has a unique expressive sense. It was nice to be reminded.

David Murray

Mahlerian journey

THE conducting career of young Mark Wigglesworth moves forward at speed. He is now Music Director of Opera Factory, and Associate Conductor of the BBC Symphony. With this orchestra a series of Mahlerian concerts is under way, launched by Thursday's Festival Hall performance of the Mahler Tenth Symphony (in the magnificent Deryck Cooke completion and performing version).

Mr Wigglesworth is without question the brightest conducting star on the British horizon; his work deserves judgment by the highest standards. This Mahler 10 was in many respects a shambles. One hopes the experience will send him hurtling back to the score (which he forsook for this performance), to ponder the work and its requirements long and

hard before he tackles it again. This extraordinary symphony - powerful, fraught, psychologically complex - begins and ends in F sharp major radiance, and in between Mahlerian despair. As realised by Cooke and his associates, a seemingly authentic Mahlerian journey is mapped out through a world of "orchestral chamber music" whose perilous combinations of solo and corporate voices and phrases are left nakedly exposed, sometimes in jagged rhythmic patterns.

For the most part Wigglesworth and the BBCSO seemed quite unable to make sense of the score; plainly, their partnership is not yet secure, and it was a brave but rash idea to put it to so harsh a test. The playing was wretched - the first violins, whose overall condition continues to arouse the deepest concern, sounded in need of weeks of rehearsal, and high brass notes cracked and splayed regularly. The ebb and flow of the opening movements was placed at perpetual risk by ensemble mostly so wayward that one soon gave up hope of its achievement.

The final welling-up of tenderness was moving, as it always is - this part of the performance gave a semblance of cogent pacing - and the concluding release into quietness was gracefully done. The rest, though, was very far from satisfactory.

Max Loppert

A 'Nutcracker' saved by the Prince

Clement Crisp reviews the ENB's new production

ENGLISH National Ballet has a new *Nutcracker* (and not before time) say those of us who suffered through the company's last production, an unlamented farago about Tchaikovsky's family). The new staging, given its first performance at the Palace Theatre, Manchester on Thursday night, is by Ben Stevenson, and is respectful enough of the old ballet's traditional style not to make *Nutcracker*-addicts wince. Of course, no one ever went to see *The Nutcracker* in search of any messages about art or life. It is an entertainment whose miraculous score has sugared many a choreographic pill, but an entertainment in which we may discern happy dreams about childhood, and childhood's fantasies. And it has that rare quality of theatrical charm which will keep any audience happy.

It is the task of producer and designer to preserve that charm. Clever ideas - as ENB's faithful know to their cost - are like hand-grenades decorating a Christmas tree. The domestic pleasures reign in the first act; let mice and toy soldiers battle and snowflakes drift, and let the Kingdom of Sweets be not too diabolically dangerous, and all will be well. Desmond Hesley's new designs are felicitous. No Birdcage interior could be more gemütlich than the first act setting with its garlands and cois-

ness; the snow forest is icily enchanting; the Confiture-burg a baroque altar done by a pastry-cook. Costumes are of a prettiness that stops - just - short of kitsch, with the Snowflakes' skirts as powderily light as fresh snow.

Yet *Nutcracker*'s spell only truly works if we can believe in the domesticities of the family party and feel ourselves like late guests surveying the fun before we, too, join in. Here Ben Stevenson cheats us. The party is a brawl, the guests caricatures rather than characters, either foolish doddlers or parental cyphers. The children rampage comically. Stevenson has given the little beasts their heads and what should have been high-spirited becomes abrasively naughty, and matters are in no way helped by having Fritz and Clara played by mature dancers with infinite regality. Various other lapses of taste - grotesque capers with an ear-trumpet; a dead rat; an old man collapsing twice under women - help give the scene a vulgar and improbable air. With one tenth of these crass incidents the party would be ten times more delightful.

With this out of the way - and Tchaikovsky's pictorial genius wasted - matters improve. The mouse-battle is decent, if not inspired; the snowflakes sequence is all frosted delight; and the Kingdom of Sweets happily makes

no bids for novelty. I think the Danse Arabe - a pasha preferring coffee to the charms of a heavily-pearled odalisque; a wicked waste of the music; the other verse movements will please a young audience, though adults may react against the hordes of ob-scure kiddies grinning like tipsy hyenas. The grand pas de deux should be the Ivanov text but, alas, isn't, though it provides the proper classical high-point of the evening, and the Flower Waltz is gracefully patterned and dressed.

Performances at this premiere were not always engaging. The first scene needs considerable revision, and possibly heavy sedation. The later set pieces were, though, well done - Jose Manuel Carreno irresistibly glamorous in a high-flying Gopak - and the unquestioned joy of the evening was Thomas Edur as a noble Nutcracker Prince. In the snow-scene, with Agnes Oaks as a delicate Snow Queen, he was very fine - simple gestures as potent and distinguished as his dancing. In the grand pas de deux, though not ideally matched with Renata Calderini's Sugar Plum, his dancing had that true classic grace which lies at the heart of the music and of *The Nutcracker* itself. He seemed its spirit - and for this staging, its conscience.

The production has been sponsored by Norwich Union.

Spoken word

A Dickens of a Christmas

London, but Rothiemurchus on Speyside was the children's favourite, where members of the clan visited to gossip and pay their respects. Among them was the Marquis of Bute, who, in his old shabby shooting dress and one of his queer hats, with his young Marchioness who had come in a "beautiful baby phaeton" drawn by four goats harried with red ribbons. Alas, Elizabeth's father, the laird, was eventually obliged to escape to India and a regular salary as a judge, sweetened by a knight-hood, and that is where this first volume leaves them.

Among the new Random Century Audio-books (2-cassette abridged sets) there is another autobiographical memoir. *My Katharine* Hopburn (RC 32; 3 hours) read from her recent book by Miss Hopburn herself. She is a big fish for this new series of abridged books to have landed, which is going from strength to strength. Martin Amis's new novel, *Time's Arrow* (RC 45; 3 hours), as everyone knows, is based on the device that for the man inside Tod's body time works backwards. But in the inner man's future - Tod's past - there awaits some terrible secret. We appreciate the tension and the horror Amis's device can generate in us. Well read by Richard E. Grant.

Julian Barnes's new novel for three-voices (RC 9; 3 hours), crisply performed by Jonathan Coy, William Gaminara and Susanna Hamilton, is also a first-rate listen, but far from cosy. *Saint Maybe* (RC 31; 3 hours) is a new novel by highly-regarded American writer Anne Tyler, set in Baltimore, Maryland, and looking hard at a young man who has caused a tragedy and would like to spend the rest of his life making up for it. A capable young woman refuses to let him, in spite of himself. Admirable reading by American John Lithgow.

In the latest issue of *Oxford Today*, Margaret Atwood has identified *The Handmaid's Tale*, her recent novel set in the 21st century, as a "dystopia", "the invention of a terrible world", the opposite of a "utopia" (RC 21; 3 hours). This is the secret diary of Offred, whose sole function under the totalitarian dictatorship in Gilead is to produce children for her owner; her chronicle ends with her break for freedom. Julie Christie's reading is unaffected and persuasive. After that, the comfort of a little quiet medieval skulduggery: a dramatised version of one of Ellis Peters's Brother Cadfael mysteries, *Monks Hood*, from the BBC Radio Collection (ZBBC 1209; 2 cassettes; 2 hours 30 minutes), with Sir Michael Hordern as narrator and Philip Madoc as Cadfael. Or an earlier Cadfael story (and one of the best): *One Corpse Too Many* read by Glyn Houston for Listen for Pleasure (LFP 7508; 2 cassettes; 3 hours abridged).

Outstanding among the collections of short stories is Edgar Wallace's *Sanders of the River*, smacking of Empire and engagingly read in Edwardian gentleman style by Martin Heller (Schilttron SPF 908-4; 4 cassettes; 5 hours; adapted).

and Jeffrey Archer's *A Quaker Full of Arrows Volume One* (CSA Records Telltapes TTDMC 408; 2 cassettes; 3 hours). This selection consists of *One Night Stand*, *Broken Routine*, *Old Love*, *The Chinese Statue*, *The Luncheon* (very reminiscent of a similar story by Somerset Maugham), and *The Coup*, six fairy tales for grown-ups, some charming, some plain nasty, all expertly read by Martin Jarvis.

From the same company and also read by Martin Jarvis, seven stories by William Boyd under the title *My Girl in Skintight Jeans* (TTDMC 409; 2 cassettes; 3 hours), from his book *On the Yankee Station* are almost all steamily melodramatic; some give some epistemological problems a jolty airing. All are outstandingly fluent and confident. *Histoire Vache* might well turn you vegetarian.

There are some good two-cassette abridged thrillers this season. Random Century Audio-books, quick off the mark, have got out the abridged version of Dick Francis's new book, *Comeback* (RC43; 3 hours) read by Colin Firth, all about horses, but from the vet's point of view and not the jockey's or the punter's; wonderfully gripping, with a new and particularly revolting style in murder. In honour of the new publication, they have also issued three of Francis's earlier novels: *Smokescreen* (RC 28) read by Edward Woodward; *Odd Against* (RC 30) read by Ian McShane; and *Knock Down* (RC 34), one of the master's best, read by Tim Pigott-Smith.

There is also Wilbur Smith's latest African thriller, *Elephant*

Song (RC51), full of the blood of man and beast and an ecologically sound message, strongly read by Miles Anderson; and John le Carré brilliant reading of his *Call for the Dead* (RC 34), in which George Smiley makes his first appearance. Plus one old-style story, a gently written Cold War political thriller, very tense.

To turn to a few lighter-hearted sets (all 2-cassette). Peter Mayle reads from his best-selling book *A Year in Provence* for the BBC Radio Collection (BBC 1218; 3 hours) and makes the Luberon sound like the expat's heaven, despite disasters. Also from the BBC a first-rate reading by Stephen Fry of two of Anthony Burgess's Jennings stories, *Jennings Goes to School* and *Jennings Again* (BBC 1226; 2 hours 30 minutes). In the second story Jennings is still 10 years old but playing with skateboards and worrying about the Rain-forest.

Argo have re-issued Richard Crompton's *More William Stories* (Argo 1259; 2 hours 15 minutes) splendidly read by the late Kenneth Williams. And Random Century have recorded three sets of stories by P. G. Wodehouse about Blandings Castle read by Martin Jarvis. The one I have heard, *Lord Emsworth and Others* (RC 38; 3 hours), is pure pleasure. Finally, two of the latest Comedy Classics from EMI are outstanding. *Joyce Grenfell Joyful Joyce* (EC 18; 1 hour 15 minutes); and British Comedy Classics Vol 3 (ECCT1; 2 hours) with Cleese, Ustinov, Bentine, Sellers, Morecambe and Wise, et al., and Roy Hudd as a bus driver reporting a religious experience he has had on the North Circular Road.

Mary Postgate

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ARTS

A pox upon this ritual handwringing

Antony Thorncroft suggests Arts Council clients should shut up and be grateful

WHAT IS it about the arts that brings out curmudgeonly grouches among its groupies. For something that is supposed to exult the soul the arts encourage an extraordinary amount of cynicism and hypocrisy.

On Thursday Anthony Everitt, secretary of the Arts Council, distributed subsidies on a scale of munificence not seen since the distant days of Jennie Lee and Lord Goodman. For DV8, the experimental dance troupe, there was a rise in grant of over 160 per cent, to £105,000; that popular favourite LIFT got 50 per cent more at £236,500; while the Young Vic's problems were presumably eased by a 50 per cent gain, to £473,000.

The LPO's move into the South Bank next autumn as house orchestra was eased by a 130 per cent boost to over £1m while the National Theatre can at last do something about its crumbling building with a 10.6 per cent hike to almost £10.5m. There is hardly a major arts company in the UK which did not get an improvement in grant way ahead of inflation, and the Regional Arts Boards, who fund the smaller arts groups, were even more generously endowed.

For some the news was sensational. At last London City Ballet, on the brink of closing down in the summer, can look to the Arts Council for £750,000 over the next three years while Gay Sweatshop, which had its grant withdrawn and faced extinction, is welcomed back into the fold with £118,000.

So what was the reaction of the media to good news week? Why has the grant to the RPO been cut by almost 13 per cent? Why is the RSC getting half the increase of the National Theatre? Why has the money for the Royal Opera House only risen by 6.5 per cent? The RPO thinks, with some reason, that there is life beyond the Arts Council and has planned a programme for 1992-93 involving more regional and foreign touring, and popular programmes in London, both of which reduce its eligibility for subsidy. It is no bad thing to get such dependence to below 10 per cent of income. The RSC was generously treated last year and has received 10 per cent more for its touring work. Covent Garden is in the throes of an Arts Council appraisal, and its grant of almost £1m still seems a juicy bone to hun-

grier hunters after subsidy. Covent Garden and the South Bank Board then joined in with ritual hand wringing about their level of aid, although the South Bank got £1m more at £13.15m. This is ritualistic knee jerking since until a few weeks ago arts companies were planning their 1992-93 programmes on the basis of a 3.5 per cent rise in subsidy. One trembles to think of their reaction when a Government cuts back on arts funding.

The begrudging reaction to the Arts Council's largesse was restrained compared with the insensitivity of the fat cats of the art world gathered at the Tate Gallery on Tuesday for the Turner prize. The fact that they had to shield their backs and smart gowns from a noisy throng of Middlesex Poly art students outside the Tate obviously upset their consciences. When Robert Hughes, the Australian critic living in New York, ended his speech with the token, out dated, denunciation of the Thatcher years, and called for more money to be spent on the arts, the well fed gathering, top tax payers all, howled their approval like banshees.

It was unsettling. The four artists on this year's Turner short list were particularly elitist, producing work which is unlikely to touch the spirit, or win the approval, of 95 per cent of the population whose taxes the privileged were demanding. This was just as disturbing as the crowd outside which was shouting for cash for the Poly rather than any great artistic ideal, and whose problems have been caused by the Government pressuring the colleges to take on yet more art students. The final dose of hypocrisy came from Channel Four, sponsors of the Turner. Its commissioning editor for arts, Waldemar Januszczak, had been the biggest scourge of sponsors in his newspaper days.

The public may be indifferent to the Turner but its appetite for art is growing. While the West End theatre, Covent Garden, and concert halls experience a stutter at the box office, both the big art shows in London are performing above expectation. The Toulouse-Lautrec exhibition at the Hayward is pulling in 2,700 a day, against a 2,200 target, with research showing over 80 per cent of visitors expressing

great satisfaction, while daily admissions for Pop Art at the Royal Academy are running at 3,000, against the 2,000 forecast. And 40 per cent of the visitors are under 18.

What happened to the Arts Foundation, Lord Falumbo's brainchild which opened with a grand party and a film cheque from a mysterious well wisher last summer? Its director Stephen Bayley aimed to raise £20m to fund innovation in the arts. He has now accepted reality and decided that potential patrons have been temporarily scattered by the recession. However, to show its mettle, he is distributing the £100,000 interest from the capital sum.

The eight projects are an eclectic lot. Dance UK gets cash to create posters for dancers advising them on their warm up exercises; the LSO aid for an improvisation piece, "Soft Shoe Shuffle" by Pieter Wiegolik; and an Arts Foundation Darkroom will be opened somewhere next year to allow students access to advanced photographic facilities.

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Nigel Hawthorne and Janet Dale as the King and Queen in 'The Madness of George III'

Disintegration of 'Farmer George'

Claire Armitstead hails Alan Bennett's new play

THE TWO plays that he now has running on the South Bank stand as monuments to the curious fidelity of Alan Bennett. In the Olivier, the blind whistles once more through the willows, revealing a deep-set conservatism that culminates in the certainty that weasels can be routed and Toad shall have his hall again. In the Lyttelton, an altogether blacker vision unfolds of an establishment under threat from the enemy within, debauched by history from the possibility of a happy ending.

The Madness of George III is an exquisitely painful examination of a political disintegration that has quite unexpected parallels with our own times. George III, as every history student knows, talked to trees and lost America, not necessarily in that order. Bennett seems to have a genuine affection for "Farmer George", who has not only his own madness to contend with but the impudence of the heir who would keep him mad and the ambition of the doctors who profit from that madness. As he sits, appealingly blithered and babbling, denied his queen and his clothes, his government slides towards defeat by whig intrigues who have adopted the disolute Prince of Wales as their figurehead.

Where George had a civilised curiosity, "benevolent, un-directed and infinite", the new order is cynical, dissolute and fixated with style. You can feel Bennett recoiling from it, much as he recoils from the vulgar vulgarity of the creature concealing Toad Hall, yet it would be simplistic to imply that his analysis runs along straight party lines. What emerges implicitly through this important new play is that his politics are governed by cast of mind rather than cast of vote: better a Tory toad than a Whig weasel.

King George might be good and true, but his Prime Minister Pitt (Julian Wadham) is a pallid nonentity, while his

physician (Harold Innocent) is a profiteer who creates a rum on the stock market by selling out on his own, confident prognosis on the king's health. For the opposition, Fox (David Heury) is a man of integrity unimpeachable but for the colour of his nose and the morals of the mistress on his arm. His disciples, the playwright Sheridan, and the statesman Burke, are at the very least men of substance.

At the heart of the play lies the connection between public and personal disintegration, which is magnificently underscored by Nicholas Hytner's operatic production. The pomp and ceremony of Handel combine with Mark Thompson's picture-frame setting to create a public dimension which is offset by the quirky intimacy of Nigel Hawthorne's King.

Whether playing happy families in bed with his knitting queen, or enduring the degradations of assorted quacks, Hawthorne remains unshakably and touchingly human. Janet Dale provides him with a splendid consort, funny, faithful and frumpily Germanic, while Michael Fitzgerald creates a tin of a prince, who is nowhere more at home than at a gym horse, having "noble thoughts" for the benefit of his portraitist.

The play's monumental structure is riven with flaws, but even its imperfections have something to say. In a climactic integrated break with period, a modern doctor informs George, a physician that the king was not mad but suffering from a metabolic disorder: different age, different label. In another scene, George savours King Lear, while insisting that its tragic ending is a mistake. Obliquely, as is his wont, Bennett reveals himself: his gleeful dismissal of orthodoxy, his refusal to follow a pessimism through to its logical conclusion - in this case the imminent relapse of the good king into madness.

Radio

Middlebrows put in the picture

YOU WOULD not call Bryan Magee a middlebrow man, but his series of Wednesday conversations on Radio 3 are directed to explain to us middlebrows what is inside various current arguments. Hence their title, *What's the Big Idea?* and the saloon-bar style of introduction. "What on earth is Post Modernism?" asked Mr Magee this week. Last week he dealt with "the end of the Socialist dream", next week the physics of the universe.

Post Modernism did not prove hard. It was examined from three viewpoints - architecture, with post-modernist architect Charles Jencks in his post-modernist house; music, with Bayan Northcott, who played some Berlioz but no Chopin; and literature, with Bryan Appleyard, who could not define post-modernist works without slipping into references to other arts. Broadly speaking, all agreed that post-modernism was a reaction against the excess for-

malism of modernism, and an "anything goes" principle.

The difficulty is to define modernism, for it changes with the calendar. Eliot's *Waste Land* was modern when it was written; today you might call it post-modern, but to some of us it is a classic. The fact is that if you accept the "anything goes" notion, many classics are post-modern - Shakespeare and Mozart were offered by Mr Jencks - and many old buildings, Bryan Appleyard finds "anything goes" too frivolous, and literature tends to resort to mere reaction against what we read in the 1950s and '60s. Bryan Magee offered us no conclusion.

Three plays this week were firsts for radio - Radio 4's *Maiden City Magic*, by Jack Houlman, on Tuesday of which I could only hear half; its Thursday play, Anne Cautfield's *Almost Always African*; and Radio 3's Tuesday play, *Sailing with Columbus*, by Neil Rhodes. Charles (David Morrissey),

hero of Mr Rhodes's play, was about to get married when, following a private philosophy, he chucked his Gwen and travelled the world for 17 years. We see snapshots of him in his life in a vicarage, wandering through South America, Africa, Pakistan and India, and on the steamer taking him home. Has he been at home all the time, perhaps? Dreaming in an Indian village, he is offered the choice - 17 years travelling, or life with his Gwen and two children. A malleable past is entertaining but the characters are not intrinsically interesting enough. Richard Wootley was the director.

Almost Always African was a simple tale rendered brilliant by the writing and playing of the characters. Frank (Bill Nighy) is a prosperous ass of a presenter of pop singers, and rashly brings from the Gambia the comic village singer L.L. Moses to put some new African ideas into rock. He had not counted on also bringing two wives and numberless chil-

dren, but they are part of the personality. They all settle down to extravagance at Harrod's and living on "notorious food" - junk delivered by messenger - while Moses does his village singing on tour. He is played by Lenny Henry (another radio-drama first), who makes this unlikely character convincing and extremely funny. Paul Schlesinger directed.

Last week Radio 4 gave us *And so to Wed*, an anthology of proposals - under the Christmas tree, in a wheelchair, in hospital, in Japanese, after 15 years' friendship, each example interesting for 15 seconds, the collection increasingly less so. This week on Wednesday we had *Saying 'I Won't'*. At least we had more social detail, but there were the same instant amusements with nothing growing. Some examples were only records of drama, which robbed the idea of its worth, I thought.

B.A. Young

How to turn an artefact into an asset

Richard Newbury explains why museums are adopting high street tactics

VISITORS TO the current Toulouse-Lautrec exhibition at the Hayward Gallery will find on sale pairs of elbow-length gloves, as worn by the ladies of the Moulin Rouge. Novelty merchandise, tea-towels, mugs, badges and aprons are one aspect of the strenuous efforts made by museums and galleries to raise money from their visitors. National museums, as well as exhibition spaces such as the Hayward and the Royal Academy, have had to adopt some of the methods of the high street.

The reason is that the government has approached the 19 national museums in much the same spirit as it has approached other public sector organisations. The central feature of its policy has been to keep a stranglehold on

funding whilst advocating greater self-reliance through interaction with the private sector.

Although it is true that grants for running costs to the national museums have steadily increased, they have failed to keep pace with increases in actual running costs - chiefly salary levels, which are set by the Treasury for the civil service and are outside the control of the museums themselves. Since 1989/90 the situation has become acute, with salary costs consuming, typically, more than 90 per cent of running cost grants.

Implicit in the government's financial stringency is the belief that museums can and should make good the deficit through their own revenue-raising activities. To a surprising degree this has been

achieved, with receipts from trading and other activities growing from £3m in 1979/80 to £44m in 1990/91. Among the 19 national, self-generated income now ranges from 10 per cent to 35 per cent of total income, with an average of 15 per cent. Spectacular corporate and private benefactions at the V&A and the National Gallery this year have also helped to create a sanguine picture.

However, it is evident that sponsorship and trading can do no more than supplement core-funding from the government. It has been pointed out that museums cannot attract sponsorship for deficits in day-to-day running.

Faced with the shrinking value of their grants, and the concomitant imperative of developing alternative sources of income and boosting attendance, some of the museums have adopted marketing and management practices hitherto more familiar in the private sector. The language, as well as the substance, of some of their annual reports and corporate plans indicates the change of outlook: visitors are often referred to as "customers" for whose business the museums must compete in the wider leisure market.

Until recently, efforts to generate day-to-day income, as distinct from one-off sponsorship, were confined to retailing, catering, publishing the hire of galleries for corporate functions, and charging for admission. However, several schemes have now emerged which involve the curatorial staff and the artefacts - or "assets" as

they are now sometimes called - in the entrepreneurial culture.

The National Maritime Museum in Greenwich, for instance - the first of the national museums to introduce an admission charge in 1994, and frequently an innovator in the area of self-generated income - has announced the opening of its Maritime Information Centre in 1992. Essentially a computerised information service with a cross-referenced data-base of the museum's vast collections of ship's plans, photographs, manuscripts and paintings, it is a scheme that has one eye on internal curatorial benefits and one eye on the market. In the words of the museum's Corporate Plan, "it will give us a chance to widen access to our assets and exploit them... the sale of information has potential."

The museum has approximately 30,000 external enquiries a year concerning the history of ships and seamen. In a move that will break ranks with other museums, a fee will be charged in return for information, with the exception of educational enquiries which will remain free. Michael Bullions, the project's director, is keen to ensure that "the proverbial little old lady will not be charged but invited to make a donation." However, others will have to pay a fee ranging from a time-based figure for individuals to the full market rate for commercial organisations, such as dealers and auction houses.

It is envisaged that initially the fees will do no more than cover the cost of operating the system, although, characteristically, the museum has proactive marketing plans. "There are over 100,000 ship modellers in

the US," says Bullions, "which represents a very substantial potential market for our information."

The Natural History Museum also has a progressive marketing policy. Its Science Marketing Scheme promotes the museum's expertise and resources in the commercial sector, from which it generated nearly £1m of external funding during 1990/91 in the form of grants, contracts and sponsorship. It now has grants and commissioned research from over 40 different organisations, and hopes to increase its outside collaboration, which so far has created 60 externally funded (short term) posts. John Peake, the director of Science Marketing at the museum, rejects the charge that the involvement with commerce distracts curators from scholarly and academic priorities. He maintains that substantial contracts are only accepted when they complement the museum's own research, and that scholarship is frequently fertilised through external contact.

These developments have inevitably aroused criticism. To those who see the national museums as embodying liberal principles of free access and the disinterested exchange of knowledge, the concept of them charging for their services and soliciting for business is offensive. The museums concerned are aware of the sensitivity of this issue, and the related matter of admission charges. Responsibility for charges must partly rest with government underfunding, although where this has not actually hampered the important work of research, display and interpretation it has had the salutary effect of forcing museums to define their priorities more explicitly. The question of how they

intend to attract and satisfy their visitors has become paramount.

It has become impossible for the national museums to remain detached from the expectations of the public, or indeed from the expectations of the government, which next year will introduce Performance indicators into the national system. These are intended to be a means of measuring the "cost effectiveness" of key areas, such as display, access, collections management and scholarship itself. Already a well-established feature of management elsewhere in the public sector, the application of audit-type measurements to museums has alarmed some trustees and staff.

But the Labour Party's recent pledge to abolish admission charges would be against the wishes of many of the museums, as well as the apparent willingness of the public to pay. Many millions would have to be found to compensate museums for the financial shortfall it would cause. However, if the current government allows the value of running cost grants to shrink, the revenue raised by charges and the other projects described will simply be tipped into the deficit.

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مركز الفن



NOW that Lady Thatcher has let the genie of the referendum out of the bottle, or rather the handbag, I fear that we might have to endure the most sterile debate of the mid 1970s all over again. That is to say, we will have to listen to countless pundits arguing whether the correct English plural of referendum is referendums or referenda. I felt it was inevitable after seeing the heading on *The Times* letter pages yesterday: "Lessons from the past on the wisdom of referendums."

We can be sure that the foot of the correspondence columns of *The Times* will be filled with pompous pedants arguing about ad and dums.

Who can afford another referendum?

Dominic Lawson on the problems, grammatical and political, of a vote on Europe

I have another personal reason for recalling the 1975 vote with some pain. It was the first occasion on which I was old enough to vote, and my mother, who was what I suppose is now called "pro-European" drove with me to our local polling station, which was placed inside Baden Powell House, South Kensington.

After we emerged my mother asked me how I voted, and I said "to leave the Community." Without a word she jumped into the car and drove home without me. Well, it was only a ten minute walk, but as

I meandered back, I felt somehow socially unacceptable.

The problem then was the nature of the political divide between the Yes and the No camps. "Yes" covered everyone who was socially acceptable in the comfortable middle ground, and some who were on the borderline of social acceptability such as the business and artistic communities.

"No" seemed at times a hybrid of Enoch Powell, whose rallies tended to attract some Union Jack wavers of a rather unsavoury sort and Anthony Wedgwood Benn, who was

then the national bogeyman.

It was hard to avoid the impression that the majority of British people were voting not on whether or not they wanted to be part of the European Economic Community, as it was then called, and still properly should be, but for the group of people they would most like to have had as house guests.

I fear that, if there were to be another referendum, a similar process would ensue, dashing the hopes of those who feel that the people are certain to reject the chimera of a single European

currency.

While it is true that recent polls indicate that most people are opposed to this policy in the abstract, things change when personalities are brought into the argument. The *Daily Telegraph* ran a fascinating poll on Thursday, which showed that 34 per cent were in favour of a single European currency involving Britain, and 44 per cent against.

But when the same people were asked the same question, but with the added supposition that Major, Kinnock and Ashdown were in

favour of the Single Currency, and that Mrs Thatcher, Mr Tebbit, and Mr Benn would advise a vote against, the result turned right around, with more responding in favour of the Single Currency than against.

One must not read too much into a single opinion poll, but I suspect that this one illuminated a hidden problem for the anti-federalists. And there is a bigger problem, which will emerge only if there is a referendum. Votes can be bought.

On Friday the director general of the CBI wrote an article warmly in

favour of the single currency, and I am sure Mr Banham was representing the views of his members. Just as in 1975, big business will put its monetary weight behind the European federalists camp, and prove that advertising pays.

Exactly the same things happened last year in the vote in Canada on a free trade treaty with the US. Big Canadian business bought the electorate, and while I would have voted in favour of the Treaty if I were a Canadian, I would not have admired the process by which it was achieved.

The floating of the law on Sunday trading by the big supermarket is a mere job of British corporate muscle. Big-business's heavy punches have yet to be felt in the "great debate".

Dominic Lawson is the Editor of The Spectator.

Private View

An artist's impression of the world

IT IS the way a painter sees that matters, not the way he looks. Fred Cumming may look like a trawlerman; he may complain that he sounds like a barrow-boy. But many people think he paints like a dream.

The artist's world is beautiful to behold and cruel to inhabit. An artist who has chosen to devote his life to the moods of Nature does not escape the moods of the bank manager. Cumming is 61 now, and although elected early to the Royal Academy he has only in recent years been able to earn enough from his pictures to support himself and his family.

For a man who spends such long hours in his world, Cumming is surprisingly adept at jumping back into ours. He may be intimidated by the art salon but he is unaffectedly gregarious in the local pub, greeted on all sides as he drives up in his second-hand, champagne-yellow Mercedes ("my accountant said it would be tax-deductible").

He says he worries about the outside world, about unemployment, war and the destruction of the environment for profit. But he has to put his painting first.

It is hard work; and for a landscape painter in England it can be cold work, too. Cumming works sometimes from a shed on Rye harbour, at other times in the open country. He remembers setting up his easel in the snow to paint some cows in a pen.

"They were lovely brown and black, with all the straw trampled down, a lovely rich colour in this field of white. After two hours the farmer came out with a glass full of Scotch. He was very impressed. He obviously thought that a painter was somebody who sat in a nice warm studio."

Cumming's studio is upstairs in his house near Rye on the south-east coast. There are goldfish in a tank, a big poster of Beethoven on the wall and a stereo player. The room is stacked with paintings in progress: treasuries, the garden, marshes, harbours, beaches. Some are lying fallow for a decision or for the right season to come round again, some are waiting for nature to repeat an ephemeral trick of light, others will be finished indoors with the help of sketches in black notebooks. Their creator, artistically and unselfconsciously

plucked them out one by one to illustrate his methods.

I asked how he chose his subjects.

"Mood is always the thing. Mood is the thing that really starts me off. Obviously I'm stimulated by something - it might be a view, it might be an interior."

Does your mood have anything to do with it?

"Oh, yeah. If you're a depressed person, you'll tend to go for gloomy things. And I'm not. I've had fits of depression - I still have fits of depression sometimes, especially if the taxman's after me." He gave a cornucopia of a laugh.

"But... I was looking at an evening recently - November. It had been a very grey, horrible day and the evening was the most marvellous violet colour, in some ways very depressing but also very, very beautiful."

"I was really taken by it and I've got plans to do a picture about it. The light was transforming a landscape I've seen dozens of times before. Suddenly you know you want to paint it. What it did was, it simplified everything right down to colour and silhouette."

"I've been painting about the same sort of things all my painting life. Even as a young



wards and forwards on the Woolwich ferry, drawing."

He has been told there is a lot of the abstract in his pictures. They are not just scenic records, he said, but laboriously planned compositions. "I do manipulate my paintings an awful lot in order to get to what I want."

What he wants is colour.

"Great artists like Chardin

reverse directors like David Lean, Billy Wilder and Satyajit Ray. He learned to love literature, jazz and classical music."

At the age of 39, a teacher by day who painted by night, Cumming was elected to the Royal Academy. "That cheered me up immensely. It came at a time when things were pretty bleak: we were considering papering the hall with the

need it. I would sooner have the van Gogh than the millions it fetches now."

Do you worry about money?

"No. I've never worried about money. I get into terrible financial difficulties because I don't worry enough about it. If it's meant running up an overdraft to have the right frames then I have the overdraft. I don't really understand how money works."

I asked Cumming about his place in modern painting.

"What's happened this century is everything has gone so fast because of the media, film and books. One of the problems has been the necessity for artists to be original all the time. I don't know who's to blame: the artists, the galleries, or the dealers. An interesting movement comes along, lasts two years and then it's gone."

If critics say of you that you're not innovative...

"Oh, I'm stuck in the mud as far as the critics are concerned."

...is that a misjudgment by them? Do you feel hurt by it?

"No, I don't think so. I'd love to be original but I don't know... you can't produce art just like that. It's something that evolves."

I remarked that he seemed down-to-earth.

"In some ways, yes."

You mean you're more abstracted than you appear to be?

Cumming chuckled. "To take up something like painting,

there's something wrong, obviously, in the first place. You're a misfit, or society thinks you are... I don't know quite what it is."

What sort of misfit?

"It must be like writing or composing music. You become first of all interested, and then somewhere along the line you become totally absorbed. What you're trying to do is anyway difficult, it's not easy. What makes a Picasso work, or a Matisse work? There's all sorts of things, there's stubbornness involved in it - because you can paint for years, which I did, without anybody taking much notice."

"Human beings at their best

are very creative people. Art is all a part of a rounded person. I can't imagine living without, say, Shakespeare or Mozart or Bach or Beethoven, or some of the poets. This is all part of the best side of living."

Yet somehow painting is not as accessible as the rest, I said.

"It ought to be made to be. The depths of enjoyment and emotion that I have got looking, say, at someone like Rembrandt or Titian or El Greco or Goya or Constable or Turner..."

"It's an excellence thing. Someone once asked me in a pub what's interesting about painting, and I said: 'Well, I suppose I've got one life on this

planet and I enjoy excellence. If it's a football match I like to watch a good one. If it's a game of tennis... I'll always remember Borg against McEnroe at Wimbledon. Tremendous sporting events. Absolutely gripping."

"We've just been to Stratford for the first time and saw *Twelfth Night* with Freddie Jones as Malvolio; and it was terrific, absolutely wonderful. It was just watching excellence."

"If you're going to have a meal, have a nice one. If you're going to have a glass of wine, have a good one. If you're going to have a pint of beer, don't get a flat one."

Christian Tyler talks to Fred Cumming, a landscape painter who puts his emotions on his canvasses

student there was an emotive response to atmosphere and light and so on. And a response to those kind of painters, people like Turner and Corot who were capable of getting these kinds of emotions across in paint."

Cumming thinks the reason he paints landscapes is that he grew up on a monotonous housing estate in south London. He used to escape to the woods on Shooters Hill. Then, as an evacuee during the Blitz, he saw the real countryside. Between bouts of bombing he would return to London and go down to the river Thames.

"That was fascinating because it was a very busy river in those days: all those marvellous shapes and the water and the wharves and the lovely colour that old, rather decrepit buildings have - they weather and get overgrown in lime and lichens. Millions of boats about. I used to go back-

can produce a masterpiece with very few colours. You can give another painter all the pigment in the world and he'll make a pig's ear of it."

"I've become more and more interested in colour, ideas about colour. I suppose I think colour has an emotional, an evocative response. It slips away from me at times, regressing to total painting. But I think I'm finding out more about it as I go on. It's a very subtle process."

Cumming remembers even as a small child being intrigued by the optical illusion of drawing and painting. His formal schooling was disrupted by the war, and it was not until he was sent at 15 to the little art school at Sidcup in Kent that the light dawned. "It was like doors opening all over the place. It was just an incredible experience."

There he learned that film was an art form and came to

balliffs' notices."

Wasn't the RA a meal ticket?

"No, I thought it might be. I was rubbing my hands and thinking I'll start making some money now. But it was another ten years before it began to take off."

"I suppose I'm a lucky one, really. A lot of good painters don't make much. Though I must say I've been pretty professional about not refusing anybody who wanted to show one of my pictures."

He said he was never tempted to paint crowd-pleasers. "Even Matisse had to do potboilers early on. I try not to do potboilers. I try to keep some painterly problem in front of my nose all the time."

Selling pictures could be a black comedy, he said, like van Gogh's failure to earn a penny until he was dead.

"I don't understand money and I don't covet money. I make a bit of money because I

serious when I'm only being funny, or funny when I'm serious. It's having the knack that helps. I would like this charge of hubris flung out on its ear."

We concur, said the ESC's.

Thankyou, I said. Charge No 3 relates to the column of August 3, when I called someone a Cro-Magnon twit. I was writing, in that column, about my contempt for blood sports, and happened to mention an advertisement in *Country Life* showing a "Cro-Magnon twit in a Barbour jacket" with hairy forearms and a hunting bird.

I thought he was a model. Unfortunately, he was real. He telephoned me. "Hello," he said. "this is the Cro-Magnon twit you wrote about on Saturday."

I thought he was going to come and punch me in the eye, but he turned out quite civilised. I used the power of charm. It was an honest mistake, gentlemen. Not part of a pattern. The circumstances were extenuating. If you knew anything about my childhood

Charge dismissed, said the ESC's.

Thankyou, I said. I was now in sight of the finishing post. Charge No 4 is extremely minor, I told the ESC's, but we may as well deal with it. On August 17 I used a split infinitive. I was writing about the media. In the US, I wrote, new types of journalism were arising

A year of writing dangerously

Michael Thompson-Noel



LIKE you, I am flummoxed by the body-blows being rained on the English criminal justice system, the judiciary and police. The whole edifice seems to be tottering, seems rotten to the core.

On Monday, the Court of Appeal cleared Winston Silcott of involvement in the murder of PC Keith Blakelock during the Broadwater Farm riots in 1985, after hearing evidence that the police officer leading the investigation had fabricated evidence. On Wednesday, the other two members of the Tottenham Three were freed on bail. The judges were told that the evidence against these two had been contaminated by the "apparent dishonesty" of the senior police officer.

As one of the papers reported: "The judgment is the latest in a series of blows to the criminal justice system, including the cases of the Guildford Four, the Maguire Seven, the Birmingham Six, and cases linked to the disbanded West Midlands Serious Crime Squad."

What a terrible mess. Yet to an optimist like me, this week's events can be viewed through an alternative prism - can be seen as signal-

ling a purge, a cleansing of the system, purifying and expiating.

That, at any rate, was what I told a panel of Extremely Senior Colleagues, ESC's, when I appeared before them yesterday to purge from the record, as it were, one or two blemishes that have marked this column, ever so faintly, during its first 12 months.

Hawks & Handsaws is one year old today. As I told the ESC's, during the first year of its existence H&H has tried to be entertaining, has attempted to amuse, has never once been used to poke fun at the innocent or satirise anyone who wasn't big enough to hit back.

The ESC's nodded wisely. They really are good men. One of them is rumoured to buy his shirts and ties at Tesco's, but in my book that underlines his decency and humanity.

Gentlemen, I said, in spite of its obvious merits there have been one or two moments when Hawks & Handsaws veered from the straight and narrow, let its standards slip - or so it is alleged. But if we put our minds to it, I think we can dismiss all charges.

For example, I said, in the column of January 12 1991 one or two people think I was gratuitously insulting to call Cecil Parkinson, Britain's former transport secretary, foppish. "What used to anchor my dis-

taste," I wrote, "was his aloofness in the face of the mess that masquerades as Britain's transport policy."

It is true, gentlemen, that some people objected violently to my remarks about Cecil. One anonymous letter-writer called me a cretin. But I submit that you can say what you like about transport secretaries without ever challenging the law of libel or the rules of good taste. Accusing me of being a

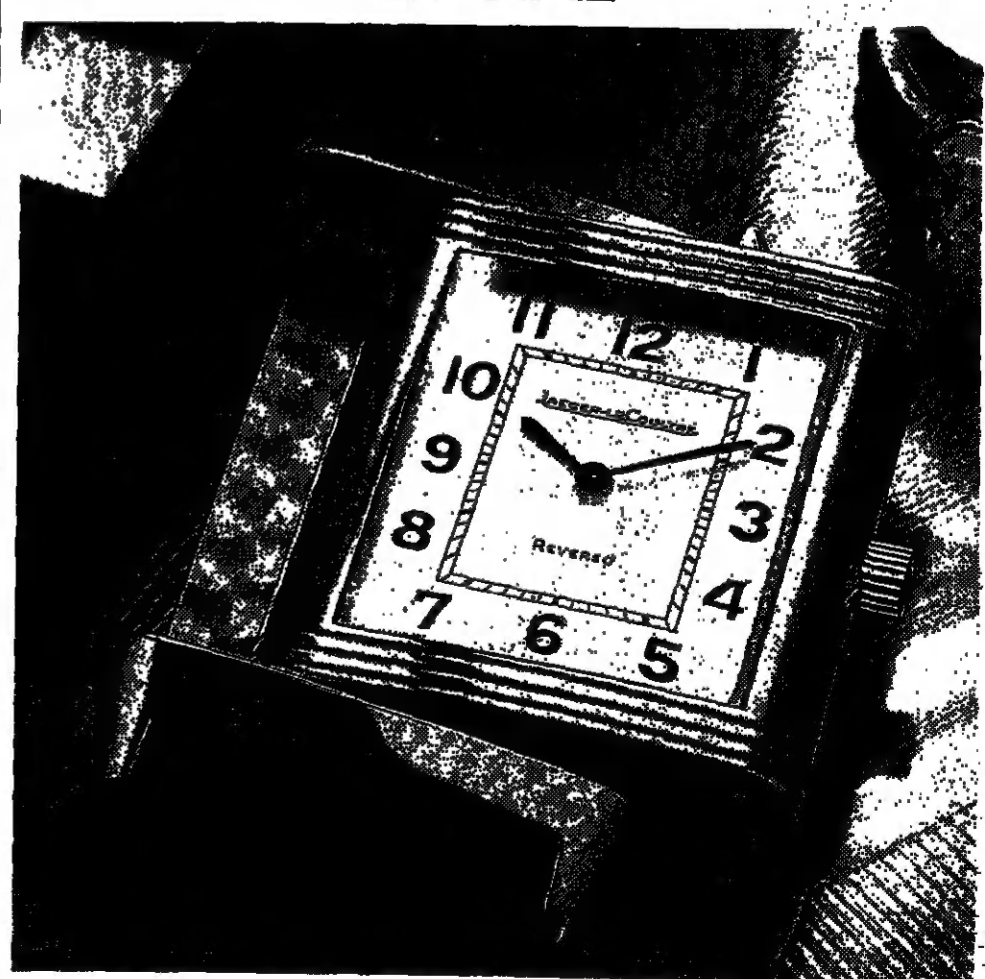
HAWKS & HANDSAWS

cretin was monstrous and vindictive. The evidence was contaminated. The charge must be expunged.

The ESC's nodded wisely. We concur, their chairman said.

Thankyou, I said. Charge No 2 concerns the column of January 26, when I pretended that I stood a good chance of sweeping nine major prizes in the British Press Awards. Unfortunately, some people thought I was serious. I was accused of hubris and worse. The trouble with my line of work is that some people think I'm being

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 MANCHESTER CALDERA - BALLY, DOTTRELLS - BANGOR - NEWPORT AND LONDON - PORTERS - 300
 GREYHARPER - CLIFTON BRIDGE, HARMONED - BURLEY SOUTHAMPTON HARRISON - HARMONED AND YORK, HARMONED - BRIGHTON LION ARMS
 HARRISON & WISE - CLAYTON EDINBURGH CLIFFORD AND LONDON LEICESTER TERNAL & MASON - BATHURST AND CLAYDON
 HATTON - BATHURST, JAMES PRESS - EDINBURGH NEWBOLDS - LIVER, ORELANDS - GUILDFORD, REBECCA HARRIS - ALDERINGHAM
 RICHARD BENTON - NEWCASTLE UPON TYNE "SALLOMONS" - LICHFIELD, STEPHAN - INDEPENDENT AND MARKET HARBOROUGH

مكتبات الأصيل